



Family Relationship Services  
A U S T R A L I A

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# Resilient Relationships - Supporting Individuals and Families through Tough Times

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## Submission to the 2009 Federal Budget Process

15 January 2009



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## Executive Summary

Family Relationship Services Australia (FRSA) is the national peak body for family relationship services. Together with our member organisations, FRSA seeks to work in partnership with the Federal Government to strengthen and support Australian families.

In the context of the global financial crisis, this pre-budget submission is focused on specific strategies to support individuals and families through times of high anxiety, job insecurity and potential financial hardship. Priorities for new expenditure have been limited to three targeted measures as outlined below.

### Expenditure Priorities

#### **1. A nationally coordinated prevention campaign – “Relationships Matter”.**

FRSA proposes a nationally coordinated public information campaign to promote the value of strong family and personal relationships. The global financial crisis is causing many Australians to feel anxious about their financial resources and job security. Healthy family and personal relationships help individuals and families to cope with these impacts and to be resilient through difficult times. This campaign would encourage behaviour that builds and strengthens relationships, alerts people to the potential impact of external events on personal relationships and suggest ways to respond effectively if problems arise. The campaign would also raise the profile of self-help resources funded by the Federal Government including the ‘Keys to Living Together’ DVDs, the ‘Understanding Money’ website and relevant support services. Experts in relationship education, family strengthening and public education would be brought together to guide the development of campaign messages and materials; evaluative research throughout the campaign would measure its effectiveness.

#### **2. Strengthen coordination between financial counselling and relationship services.**

FRSA and the Australian Financial Counselling and Credit Reform Association (AFCCRA) propose a collaborative project to enhance connections between family relationship services and financial counselling. There is a strong correlation between relationship difficulties and financial stress. Relationship conflict can be triggered or exacerbated by anxiety or disagreements over finances. Relationship breakdown, particularly divorce or separation involving children, can significantly strain financial resources and sometimes trigger a financial crisis. Timely access to professional financial advice or counselling can help families to address their financial issues and avoid or recover from a crisis. This project would invite community based organisations to test approaches that enhance connections between these two programs. Examples might include: financial literacy as part of relationship education, coordinating access to financial advice during dispute resolution, providing access to no-interest-loans for newly separated parents and referrals to relationship support for people accessing financial counselling. Initiatives would be evaluated and factors contributing to positive outcomes identified for dissemination across both service sectors.

#### **3. Invest in jobs and long term sustainability.**

FRSA urges the Federal Government to invest in tertiary and VET scholarships for people willing to obtain qualifications relevant to working in the family relationships and broader family support sector. It has never been more important to ensure that Australian families have access to expert and qualified support. Family Relationship Services have been supporting Australian



families for more than 60 years and currently deliver more than \$200M of Federal Government funded services. As highlighted in our submission to the 2008 Federal Budget, difficulties in recruiting appropriately qualified staff has emerged as a significant threat to cost effective service delivery. Competition for people with social work, counselling and psychology qualifications has created a substantial gap in salary levels between nonprofits and government employers. Workforce shortages are particularly acute in some rural and remote areas as well as some job types – Indigenous liaison and cross-cultural work being two examples. The cost of obtaining VET qualifications is prohibitive both to individuals and to organisations. Contributing to this is the exclusion of sector based training providers from the VET FEE HELP scheme.

### **Improving Cost-effectiveness**

Continued investment in family relationship services makes social and economic sense. Relationship education, family counselling, dispute resolution and post-separation parenting supports are substantially more cost effective than adversarial legal processes and deliver significantly better outcomes for children. Investment in early intervention services including relationship education and targeted programs yields long-term benefits – increasing the capacity of parents to care for children and reducing the incidence of problems, such as family violence and youth homelessness.

There is a strong correlation between relationship difficulties and financial stress. Conflict between couples and parents can be triggered, exacerbated and entrenched when financial capacity is reduced or there is high anxiety related to financial resources. Support services anticipate an increase in demand amongst working families as the impact of the global financial crisis begins to widen. The capacity of the sector to respond should be supported as much as possible.

Without additional funding there are ways that the Federal Government could derive better value from its investment in family relationship services and improve cost effectiveness. FRSA makes three recommendations:

1. **Increase flexibility to allow FRSP funding to be moved between service types and geographic areas to respond to local needs.**
2. **Pay funding in one instalment at the beginning of each financial year.**
3. **Reduce restrictions on the purchase of assets.**

FRSA looks forward to an opportunity to discuss the recommendations contained in this submission with the Federal Government.



## About Us

Family Relationship Services Australia (FRSA) is the peak body for family relationship services. Our vision is for an Australian society that is enriched through respectful relationships in all their diversity. We provide national leadership and representation on issues relating to individual and family relationships including the delivery of federally funded relationship support services.

FRSA member organisations range in size from small local community organisations to large service providers operating across State and Territory jurisdictions. They include both secular and faith based organisations, operating high quality professional services. We also have a number of Associate member organisations that support our work, including volunteer groups and research institutes.

FRSA receives Federal Government funding and financial contributions from member organisations. For more information please visit our website [www.frsa.org.au](http://www.frsa.org.au).

### Family Relationship Services Program (FRSP)

To be eligible for full membership of FRSA an organisation must be receiving Federal Government funding through the Family Relationship Services Program (FRSP). This program is administered by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and jointly funded by FaHCSIA and the Attorney-General's Department (AGD). The program currently funds 104 organisations to deliver services in more than 500 locations across Australia. Service types:

- **Family Relationship Centres (FRCs)**
- **Post Separation Services:**
  - Family Dispute Resolution
  - Family Relationship Counselling (also referred to as Family Counselling)
  - Children's Contact Services
  - Parenting Orders Program
  - Post Separation Cooperative Parenting
- **Early Intervention Programs:**
  - Family Relationship Counselling
  - Adolescent Mediation and Family Therapy
  - Family Relationship Services for Families in Special Circumstances
  - Family Relationships Education and Skills Training
  - Family Relationship Services for Carers
  - Family Relationship Services for Humanitarian Entrants
  - Men and Family Relationship Services
  - Specialised Family Violence Services
- **Mensline Australia**
- **Family Relationships Advice Line**

More information on the Family Relationship Services Program and the services provided is available from [www.fahcsia.gov.au/frsp](http://www.fahcsia.gov.au/frsp) and [www.familyrelationships.gov.au](http://www.familyrelationships.gov.au).



## Expenditure Priorities

In the context of the global financial crisis, this pre-budget submission is focused on specific strategies to support individuals and families through times of high anxiety, job insecurity and potential financial hardship. Priorities for new expenditure have been limited to three targeted measures as outlined below.

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### Priority 1: A nationally coordinated prevention campaign – “Relationships Matter<sup>1</sup>.”

#### Context

The global financial crisis will cause many Australians to be anxious about their financial resources and job security. Some will be directly affected; others may face a prolonged period of uncertainty.

The Federal Government’s efforts to stimulate the economy will potentially mitigate some of the worst impact and hasten the recovery. However, the impact on psychosocial and psychological well being is more difficult to address. There are already reports of a surge in demand for mental health services. For example, Mensline Australia reported a 34% rise in suicide-related calls between October and December 2008, a rise that appears to be caused by greater financial pressure. In August 2008, when the Relationships Indicator’s Survey was conducted, the number of people who identified ‘financial insecurities or difficulties’ as negatively impacting on relationships had more than doubled compared with the last survey in 2006. Concern about finances is a common factor in relationship conflict<sup>2</sup> and can contribute to family dysfunction and breakdown<sup>3</sup>. The global financial crisis will potentially exacerbate this, particularly as the scale of the crisis may engender feelings of passive vulnerability or inevitability rather than proactive response.

As professional sectors of the economy experience a downturn – it is also likely that socio-economic demographics that have been relatively low risk categories for family dysfunction and breakdown will experience greater challenges in maintaining healthy relationships.

Conversely, healthy family and personal relationships help individuals and families to cope with direct and indirect impacts of the crisis and to be resilient through difficult times. Those who recognise value and strengthen their relationships are more likely to maintain perspective, respond appropriately to the crisis and recover from any setbacks. Indeed there is a growing body of research suggesting that family functioning and healthy relationships are the key to wellbeing<sup>4</sup> and psychological health; furthermore that there is a role for government in promoting the value of family and social relationships as part of a holistic approach to health promotion<sup>5</sup>.

#### Proposal

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<sup>1</sup> This is a working title to be further developed if there is support for a campaign of this nature.

<sup>2</sup> Relationships Australia (2008) Relationship Indicators Survey -38% of couples reported financial stress impacting on their relationship ; Family and Parenting Institute (2008) recently reported that 29% of parents in the UK said relationships were coming under strain because of money worries.

<sup>3</sup> Examples are provided in Shackell, E (2003) *Finances and post-marital distress*, *Threshold* no.78 Sept 2003: 20-21.

<sup>4</sup> See for example: *Australian Unity Wellbeing Index: What makes us happy?* (2008)

<sup>5</sup> See for example: Institute for the Study of Labor (2001) *Exploring the Economic and Social Determinants of Psychological and Psychosocial Health*, Michael A. Shields Department of Economics, University of Melbourne and IZA, Bonn & Stephen Wheatley Price Department of Economics, University of Leicester and IZA, Bonn, Discussion Paper No. 396.



To promote the value of strong family and personal relationships as well as a proactive response to the global financial crisis, FRSA proposes a nationally coordinated public education campaign. Much like public health campaigns focused on preventing disease by promoting healthy lifestyle choices, this campaign would encourage behaviour that builds and strengthens relationships increasing the resilience individuals have to cope if faced with difficulties or uncertainty. It would also alert people to the potential for stress and conflict due to external events and provide strategies for responding.

Specific aims of the campaign would include:

- Encourage greater focus on valuing and investing in family and personal relationships
- Suggest strategies for strengthening relationships and family functioning
- Provide tips for coping with financial difficulties and avoiding relationship conflict
- Reach out to demographics who are unlikely to have encountered the range of relationship counselling and other support services available
- Lead people to practical resources such as tools for managing on reduced income, skills for effective communication and conflict resolution
- Identify the range of help services available across government and non-government sectors

This campaign has the potential to positively impact children and young people in a number of ways. Family conflict can be significantly detrimental to children and young people who tend to blame themselves or see themselves as failures when their parents are in conflict. Success in helping parents to cope and avoid conflict will have immediate positive benefits by decreasing the exposure of children to parental conflict. Longer term, key messages regarding the value of relationships and positive ways to respond to negative events may also help to build the resilience of children and young people to face their own challenges later in life.

### **Success drivers**

True prevention work needs to effectively reach people before they have been identified as 'at risk' or 'in need' which is difficult to do on a small scale. Public education campaigns are one the few mechanisms for reaching a very large number of people in a cost effective way. To be effective campaigns must be timely, promote positive behaviour change and build on shared values in the community<sup>6</sup>. An independent campaign, guided by experts strongly connected to the community has good potential for success.

The family relationship services sector employs experts in relationship education and skills training across the country. There are a number of very high profile organisations and individuals that are active in the media and regularly participate in public education initiatives. There are also those who are well respected for their work in research and evaluation. FRSA is well placed to bring these experts together with professionals in public relations and education campaigns to identify the strategies most likely to help couples and families to strengthen their communication, plan ahead and avoid problems.

As a national peak body we are well connected with other relevant service sectors and the diversity of government departments that provide support to families (FaHCSIA, AGD, CSA, Centrelink, Health & Ageing etc). We bring a broad understanding of the range of self help resources developed by the Federal Government such as the relationship education DVD series 'Keys to Living Together' and

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<sup>6</sup> Shanahan, Elliott & Dahlgren (2000) Review of Public Information Campaigns addressing youth risk taking, chapter 4 'Public Health Mass Media Campaigns'.



websites including 'Understanding Money' and 'Raising Children'. The campaign provides an opportunity to raise the profile of these resources and increase their impact. Resources would also be developed to encourage families to discuss the financial crisis, plan a response to any direct impact on their own circumstances and know where to access help for anyone feeling anxious, depressed or at risk of self harm.

This campaign would fill a gap in prevention work, currently missing from the suite of early intervention and post separation services funded under the Family Relationship Services Program. It would be a unique initiative that brings a public health approach to relationship education for the first time. Because it is innovative it would be appropriate to build in a thorough evaluation. FRSA suggests a 2 year commitment to give the campaign adequate time to have an impact.

## **Methodology**

Potential components of such a campaign include:

- A leadership group of non-government, academic and government representatives to set goals, define outcomes and further develop the methodology
- An expert panel of senior relationship educators and counsellors to develop key messages across demographic groups – singles, couples, families with children, grandparents etc.
- A professional public relations firm to refine key messages, design communication strategies and advise on media engagement
- Development of a website containing concise information relating to strengthening relationships as well as self help resources and tools for 'surviving' difficult times – including connections to Centrelink, government subsidies and financial counselling services
- Mixed media placement – newspapers, radio, TV from national to local level – this might include a media kit for relationship education services to work with their local media outlets to generate stories
- Evaluation – pre and post testing of public awareness regarding key messages, sources of help and changes in attitudes or behaviour

## **Cost**

FRSA is well placed to support a campaign of this nature in partnership with government and the family relationship services sector. We have established networks and could establish a leadership group very quickly with low overheads. We estimate the cost of this campaign to be in the order of \$150,000 per annum with the cost of designing and placing media products in addition to this estimated at \$500,000 - \$2,000,000 depending on the size and scope of media placement. Additional investment for an independent evaluation by a research institute would also be desirable.

## **Business case**

It can be difficult to measure prevention activity, yet the potential cost savings in the area of family support are substantial. Family breakdown has a very direct impact on public expenditure in income support and pensions<sup>7</sup> as well as the costs involved in managing separation (Family court, legal aid etc). In 1998 the House of Representatives Committee on Legal and Constitutional Affairs noted that the cost of marriage breakdown to the broader Australian community was \$2.7 billion per

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<sup>7</sup> See for example – AIFS later divorce impact on pensions



annum, and that this was considered a 'conservative estimate'.<sup>8</sup> There are also a myriad of indirect costs such as lost productivity, mental health impact and impact on children. For example "*The costs of parental divorce have implications not just for the individuals concerned but for society more broadly. i.e. current high adult depression levels were reported by 9.0% of those from divorced families compared to 6.0% of those from intact families...*"<sup>9</sup> While the true economic, social, emotional, health and other costs of family breakdown are unlikely to ever be quantified, the daily effects of family breakdown on all Australians has been recognised by successive Federal Governments' committing to funding family relationship services located in the community. If a small amount of family breakdown can be prevented through an investment in the proposed 'Relationships Matter' campaign then a return on investment is guaranteed. In addition, this campaign would complement Federal Government funding spent on Family Relationship Services and self-help resources, potentially increasing the utilisation of these existing areas of investment.

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## **Priority 2: Strengthen coordination between financial counselling and relationship services.**

### **Context**

There is a strong correlation between relationship difficulties and financial stress. Relationship conflict can be triggered, exacerbated and entrenched when financial capacity is reduced or there is high anxiety related to financial resources. Relationship breakdown, particularly divorce or separation involving children, can significantly strain financial resources and sometimes trigger a financial crisis.

Relationship services anticipate an increased demand for relationship counselling and family dispute resolution as the impact of the global financial crisis begins to widen. Many of the families accessing relationship support would also benefit from timely access to professional financial counselling including advice on restructuring debt, adjusting to changes in income, negotiating with credit providers and accessing low or no interest loans during transitions such as divorce.

At present, access to professional financial advice is available to those that have the capacity to pay (private services) and those in financial crisis (public services) but it can be more difficult for those with non-urgent needs and little or no capacity to pay for advice. There are also challenges in coordinating advice to people whose circumstances are changing and uncertain – this often relies on referrals being made and acted upon in a timely way and services having the capacity to respond quickly.

Another challenge is the perceptions and stigma that some people have in relation to financial services. It can be difficult, for example, to encourage people to use financial services provided directly by government (e.g. Centrelink's Financial Information Service) or by financial institutions such as banks and mortgage lenders because of concerns that sharing information may lead to unintended consequences or loss of autonomy about resolving the issues.

Recent research supported by the Good Shepherd Youth and Family Service in Victoria<sup>10</sup> highlights the gaps in financial advice particularly in cases where it would be possible to avert a crisis if help

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<sup>8</sup> FaCS & AGD(2004) pg 40

<sup>9</sup> FaSCIA Research News 28 pg 5

<sup>10</sup> Landvogt (2008) 'Money, Dignity and Inclusion: The role of financial capability', pg 80



can be provided during significant life events including separation. *'When people are immersed in change, especially the crisis-related change...they are not usually able to effectively pursue new information themselves. At these times, a more proactive provision of financial information is needed, reaching out to points of contact with people likely to be undergoing financial changes and financial stress. A continuum of proactive financial education opportunities is needed, from timely financial counselling services for those in crisis to preventative financial education for vulnerable individuals and groups who are not in crisis'.*

Family relationship services are uniquely placed to be part of the proactive continuum recommended by the author above. The relationship issues are often intertwined with financial issues and there may be the potential to help avoid events such as the loss of mortgage foreclosure, eviction from rental accommodation, repossession of key assets such as vehicles or a poor credit history through timely intervention.

While integrating service delivery is desirable and has strong support across sectors it is not easy and relies on more than good will. Integration can be impeded by barriers such as lack of capacity across programs, differences in eligibility requirements or data collection protocols, confidentiality issues, differences across jurisdictions with regard to practitioner registration and the need for inter-professional understanding. There are also uncertainties about which models may be more effective. For example, in some jurisdictions gambling services have embedded financial counsellors and this may be a model that would translate to relationship services but it has not been tested and there are some arguments for not going down this path (For example, isolation can occur diluting peer support, supervision and training opportunities). There is a need for development work to identify 'what works' and provide clear evidence of impacts on client outcomes and service costs.

### **Proposal**

FRSA as the peak body for family relationship services and the Australian Financial Counselling and Credit Reform Association (AFCCRA) as the peak body for financial counselling services, seek support from the Federal Government to conduct a collaborative project that will support and inform the integration of financial counselling and family relationship services.

The collaborative project between FRSA and AFCCRA would invite community based organisations that deliver family relationship services and financial counselling services to develop integrated approaches to service delivery. For example:

- Developing financial literacy content within relationship education programs;
- Providing financial advice and counselling in settings such as the Family Relationship Centres and/or dispute resolution processes;
- Enhanced access to no interest loans and matched savings schemes for low income families including those separating or separated;
- Increasing referrals to relationship support for people experiencing financial difficulties to enhance communication and decision-making skills; and
- Raising awareness amongst relationship support practitioners of the resources available to enhance individual and family financial wellbeing.

This project has the potential to improve outcomes for families across two Federal Government programs – the Commonwealth Financial Counselling program (FaHCSIA) and the Family Relationship Services Program (FaHCSIA/AGD). Other potential partners in this project would include the Department of Human Services, Child Support Agency, Centrelink's Financial Information Service



and the Australian Securities and Investment Commission. FRSA and AFCCRA would also contact potential research partners and academics for potential involvement.

## **Methodology**

Key features of this project would include:

- A leadership group including representatives from the FRSA Board of Directors and AFCCRA Governing Council to oversee the project
- A dedicated project officer to support and resource participating agencies
- Project funds to support agencies to conduct initiative but also to identify driving and restraining factors as well as barriers and how they were overcome
- Regular sharing of information across project participants and the broader FRSP and financial counselling sectors through newsletters, online discussion boards and/or teleconferences
- Final report analysing what approaches to services integration were more or less effective and why, identifying good practice and useful models for broader application
- Development of a resource manual and training seminars to support broader implementation of service integration between family relationship services and financial counselling services service

FRSA and AFCCRA are very well placed to facilitate the project and promote the results of the project to both sectors after it concludes. We have a number of member organisations that deliver both service types (Centacare Wilcannia Forbes, Anglicare NT, Lifeline Community Care, UnitingCare Wesley Adelaide, UnitingCare Wesley Bowdon, Anglicare TAS, Anglicare Victoria, Berry Street, Family Mediation Centre) many of which have already expressed strong interest in participating. We are also familiar with the work of the Centrelink Financial Information Service (FIS) and the work of the Financial Literacy Foundation which has now transferred to ASIC.

## **Cost**

This project could be delivered for a modest investment of \$140,000-\$300,000 with the bulk of the funding to be distributed to service providers to directly support service integration initiatives. The more funding provided the higher the number of initiatives that could be supported and the amount of project support required.

## **Business Case**

The cost of this project is modest and it will serve to enhance the cost-effective delivery of family relationship and financial counselling services. In particular, it will reduce duplication across jurisdictions by sharing the experiences of a sample of services across the national networks of both sectors, helping organisations to make informed decisions about service delivery approaches. If just a handful of families are assisted during the course of the project to achieve financial stability and avoid a crisis such as becoming homeless then the cost will be recovered in savings on crisis support such as accommodation.



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### **Priority 3: Invest in jobs and long term sustainability.**

#### **Context**

Program and service evaluation research over the 60 year history of family relationship services in Australia have consistently found these services to be cost-effective and widely supported by the community. Benefits accrue to individuals, families and the broader community, particularly in relation to tangible improvements in relationships, cooperation between parents – whether as partners or separated and parental capacity.

FRSA's submission to the 2008 Federal Budget was focused largely on ensuring the sustainability of this service sector into the future. In that submission we called for substantial investment in workforce development including funding increases to address the widening gap in salary levels across the government and non-government sectors. These priorities remain important but we recognise that the economic situation is very different now.

The issue of workforce shortages in the family relationship services sector, a major threat to service delivery 12 months ago, can now be viewed as an opportunity to contribute to economic recovery. This sector can provide stable employment to people who have or are willing to obtain the appropriate qualifications. Shortages in rural and remote areas are particularly acute; there is also a strong interest in employing more cross-cultural and Indigenous workers in this sector.

#### **Proposal**

FRSA urges the Federal Government to invest in tertiary scholarships for people undertaking degree qualifications in counselling, social work and psychology to address the undersupply of graduates from these fields of study. Our proposal is that scholarships such as those offered in the field of nursing be made available, tiered in value to be worth more if students are from under-represented target groups (e.g. Indigenous) or willing to work in rural and remote communities.

In addition, FRSA urges investment in Vocational Education and Training (VET) to improve the affordability of new VET qualifications relevant to this sector, including:

- o Certificate IV in Children's Contact Service Work
- o Diploma of Children's Contact Service Work
- o Diploma of Family Intake and Support Work
- o Vocational Graduate Diploma of Relationship Counselling
- o Vocational Graduate Diploma of Family Dispute Resolution
- o Certificate IV in Relationship Education
- o Diploma of Relationship Education

The federal government has invested in the development of these qualifications, Registered Training Organisations (RTO's) working in this sector have developed the capacity to train and assess individuals (5 sector based RTOs currently have these qualifications on their scope) and there is strong interest from both service providers and potential students. The major prohibiting influence is the cost of delivering the training which is proving too high for students and employers without government assistance. The sector based RTOs have been excluded from the VET FEE HELP scheme which assists with the cost and only the training and assessment of family dispute resolution practitioners has been subsidised by government.



## Cost

The costs will vary depending on the number and value of scholarships. As a starting point we suggest a \$500,000 investment in:

- 40 undergraduate scholarships for counselling/social work/psychology study focused on working with couples and parents to the value of \$5,000 pa with priority access for those in rural and remote locations, Indigenous and CALD students
- 80 VET scholarships for qualifications within the Community Services Package relevant to family relationship services to the value of \$2,500 with priority access for those in rural and remote locations, Indigenous and CALD students

## Business Case

Scholarships for tertiary study are likely to take the form of forgone income in HECS rather than actual expenditure. Actual expenditure on this proposal is relatively modest and will returns will be made over future years with savings on the recruitment costs faced by government funded organisations struggling with an undersupply of qualified workers as well as potential gains in income tax paid by providing incentives to encourage people to gain qualifications that will provide them with access to more stable and valued work than might otherwise have been the case.

## Improving Cost Effectiveness

Continued investment in family relationship services makes social and economic sense. Relationship education, family counselling, dispute resolution and post-separation parenting supports are substantially more cost effective than adversarial legal processes and deliver significantly better outcomes for children. Investment in early intervention services including relationship education and targeted programs yields long-term benefits – increasing the capacity of parents to care for children and reducing the incidence of problems, such as family violence and youth homelessness.

As previously stated in this submission, there is a strong correlation between relationship difficulties and financial stress. Conflict between couples and parents can be triggered, exacerbated and entrenched when financial capacity is reduced or there is high anxiety related to financial resources. Support services anticipate an increase in demand amongst working families as the impact of the global financial crisis begins to widen. This is not the time to reduce the capacity of the sector to respond.

FRSA has identified several ways that the Federal Government could derive better value from its investment in family relationship services and improve cost effectiveness without additional expenditure:

### **1. Increase flexibility to allow FRSP funding to be moved between service types and geographic areas to respond to local needs.**

Current restrictions on the use of funding can prevent agencies from responding to changing needs. This can lead to situations of unmet need in some areas where resources are spent managing waiting lists and repeat contact with frustrated clients while in another area there is oversupply where resources are spent generating demand to achieve targets output requirements (failure to meet outputs reflects poorly on the agency and can undermine future funding or the sustainability of a service outlet).



## **2. Pay funding in one instalment at the beginning of each financial year.**

This would allow services to benefit from interest earned on the funds and to make decisions about the most efficient way to manage over the year expenses. For example, there may be benefits derived from purchasing goods or services in bulk.

## **3. Reduce restrictions on the purchase of assets.**

Currently, under Clause 10 in the Terms and Conditions of the LFFA, funded organisations must not use FRSP funding to acquire an asset of more than \$5,000 in value without written approval from FaHCSIA. To 'acquire' an asset includes owning or leasing the asset. We understand that the intention was to protect Australian Government funding in the unlikely event that funding would be withdrawn from an organisation it was not tied up in assets. However, the Australian Government has been funding family relationship services for over 40 years and the withdrawal of funding from a community based provider organisation has been a very rare event. Furthermore, FRSP service providers are reputable community organisations with a track record in the delivery of these services. They are subject to the FRSP Approval Requirements as well as a range of compliance and regulatory systems that apply to nonprofits and funded service providers. Expenditure on capital items is a relatively small in family relationship services. By far the greatest proportion of funding is spent on staff wages (est. > 70%) followed by expenditure on premises and necessities such as utilities and insurance. Nonetheless it is important that agencies can acquire the assets they need to deliver services efficiently. Examples of the type of assets needed include computer systems, telephone systems, vehicles (rural and remote areas particularly), photocopiers etc. The current limit of \$5,000 is very low and restricts organisations from making timely decisions about such purchases. There are also occasions when organisations have the opportunity to take advantage of state supply or bulk purchase arrangements but are unable to do so because of the directive to lease rather than purchase assets.

This issue has been discussed with FaHCSIA representatives through the FRSP Joint Sector-Government Working Group. It has not been possible to resolve the issue because Clause 10 of the LFFA is standard across FaHCSIA and other commonwealth agencies therefore beyond the discretion of those responsible for the FRSP. FRSA believes that the issue could be readily addressed by amending the LFFA so that the asset value at which restrictions apply be much higher (e.g. \$50,000). This would continue to protect Australian Government funding while substantially improving the discretion given to funded organisations to make sensible decisions about purchasing equipment. This recommendation is made in the spirit of greater collaboration and trust between the community sector and government.

## **Conclusion**

FRSA looks forward to an opportunity to discuss the recommendations contained in this submission with the Federal Government. We are prepared to provide more detailed proposals and cost estimates as well as evidence of consultation with member organisations, partners and relevant government agencies to develop more detailed proposals as the Federal Budget process progresses.