

**FINANCIAL COUNSELLING ASSOCIATION OF TASMANIA CONFERENCE  
SPEECH BY  
HER EXCELLENCY PROFESSOR THE HONOURABLE KATE WARNER AC  
GOVERNOR OF TASMANIA  
RYDGES HOBART, 393 ARGYLE STREET, 31 OCTOBER 2019**

Good morning and thank you for inviting me to open the 2019 Conference of the Financial Counselling Association of Tasmania.

I begin by paying my respects to the traditional and original owners of this land—the palawa people. I acknowledge the contemporary Tasmanian Aboriginal community, who have survived invasion and dispossession, and continue to maintain their identity, culture and Indigenous rights.

I first became aware of the work of financial counsellors when I was a Gaming Commissioner, and was alerted to the work you do in the context of problem gamblers and their families. But of course your client base is much broader. Many people seek or are referred for financial counselling when they are having difficulty servicing credit arrangements, battling rising utility bills such as power, water and telecommunications, or coping with unemployment, illness or relationship breakdown.

In rural areas, drought can impose a huge financial burden on farmers and rural businesses. Fire and flood can have equally disastrous consequences. As Governor, I have had the opportunity to speak to people devastated by fire and flood and understand the problems they can face in negotiating with insurance companies when seeking to claim on their policies.

Our island State is prospering with a buoyant economy. But with 120,000 Tasmanians –24% of our population –living in poverty, there are bound to be many that are in need of financial counselling. To manage on a low income is precarious and it takes little, when there is a housing shortage, long waiting lists for elective surgery or another unexpected expense, to be tipped into a crisis situation.

I also understand that the matters requiring assistance from counsellors are now more complex than in the past and that this is due to the increasing complexity of the financial and credit products offered by the market as well as the opaqueness of plans in many services.<sup>1</sup>

As Commissioner Hayne noted in the Final Report of the Financial Services Royal Commission, *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, there is a marked imbalance of power and knowledge between those providing the product or service and those acquiring it. Clients or consumers often have little detailed understanding of the financial product and next to no power to negotiate its terms.<sup>2</sup>

It is because financial counsellors can assist in addressing the asymmetry of information and power that Commissioner Hayne noted the need for predictable and stable funding for financial counselling and consumer legal services. While the final report made no specific recommendations as to appropriate sources for such funding, it did note the possibility of an industry levy to fund financial counselling and consumer legal services, a model which operates effectively in the United Kingdom.<sup>3</sup>

I note that the Sylvan Report has recommended that additional funding be sought from industry sources to enable financial counselling services in Australia to double over the next four years. And I also note the recommendation that State, territory and Commonwealth government include financial counselling services as part of the standard part of the broader response for assistance to people affected by natural disasters.<sup>4</sup>

I applaud that recommendation. It brings to mind people we encountered in Latrobe after the 2016 floods inundated and damaged many houses in Twiss Street. (This flood affected 150 houses in the North of the State). As an example, one woman was faced with the situation that the damaged skillion kitchen and bathroom of her beautiful old cottage could not be rebuilt because it no longer complied with modern building standards. However, the offer from the insurance company was inadequate to rebuild it to comply with modern standards. It took at least a year to resolve the matter. The Latrobe Council

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<sup>1</sup> Louise Sylvan, *The Countervailing Power: Review of the coordination and funding for financial counselling services across Australia*, 2019, 5.

<sup>2</sup> *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*, Final Report, 2019, Volume 1, 2.

<sup>3</sup> Above n 2, 493.

<sup>4</sup> Above n 1.

employed professional assistance to help the flood victims negotiate their claims for which the community was very grateful.

In conclusion, I commend your work, wish you a most productive few days and declare your conference open.

Thank you.