

**Submission  
No 65**

## **REVIEW OF THE NSW RECONSTRUCTION AUTHORITY ACT 2022**

**Organisation:** Financial Counselling Australia

**Date Received:** 18 June 2024

# Financial counselling sector

Submission to the Joint Select Committee on the NSW Reconstruction Authority



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## About Financial Counsellors

The financial counselling sector in Australia plays a pivotal role in supporting individuals and communities navigating financial crises, including those arising from natural disasters like the 2022 major floods.

These professionals provide essential guidance, advocacy, and support to individuals grappling with government grants, insurance-related issues, housing concerns, debt, and overall financial instability. They help homeowners in understanding their eligibility for government grants, assist with applications, and offer support when appealing decisions.

The financial counselling sector is instrumental in helping people find a path to recovery and regain financial stability during the arduous process of post-disaster repair, rebuild and relocation. Their expertise and commitment to serving the community are indispensable in the context of financial challenges arising from natural disasters.

Financial counselling agencies in New South Wales (NSW) and Queensland (Qld) received funding from the Department of Social Services (DSS) in 2022 to provide recovery services, firstly in the wake of the northern NSW and the south-east Qld floods of February and March 2022, then following the central-west NSW floods of November and December 2022.

Financial Counselling Australia has been working closely with agencies in NSW and Qld to coordinate the recovery effort. This coordination role has involved the delivery of training to financial counsellors (see the photo on the front page of training in Ballina, NSW in February 2023), the monthly collection and aggregation of data for submission to DSS, and systemic advocacy across banking, insurance and the two Resilient Homes programs.

Since the sector's recovery efforts began in NSW and Qld, financial counsellors have spoken with more than 10,700 people about their service, assisted more than 1,600 flood-affected community members, and completed more than 11,200 casework sessions. Please refer to Appendix 1 for the latest data as of April 30, 2024.

This report is submitted on behalf of Financial Counselling Australia and Financial Counsellors Association of NSW. We wish to thank the financial counsellors who have taken the time out of their busy schedules to contribute to this report by submitting case studies and responding to our questions.

## Executive Summary

Thank you to the Joint Select Committee on the NSW Reconstruction Authority for inviting us to make this submission. We commend both the NSW State Government and the Australian Federal Government for the joint decision to fund the Resilient Homes Program. It is a life changing scheme for vulnerable people severely impacted by the floods of 2022.

Overall, we are pleased to report a positive change to how the RHP is managed since the NSW Reconstruction Authority assumed responsibility for the program. Over the next twelve months, we hope to see a reduction in delays of buyback appeals decisions as well as the commencement of the house raising and retro fitting streams.

## Resilient Homes Program – pre-1 July 2023

Financial Counselling Australia (FCA) first contacted the Northern Rivers Reconstruction Corporation (NRRC) regarding the Resilient Homes Program (RHP) in November 2022. We were visiting the region at the time and meeting with financial counsellors and lawyers from Legal Aid NSW to discuss recovery.

By this stage, we had already been working with the Qld Resilient Homes Fund (QRHF) for a few months. We had organised for Qld financial counsellors to provide support to the QRHF at their public information sessions as part of a contingent of community services including the Red Cross, Legal Aid Qld and Neighbourhood Centres Qld.

During the initial phone call with a community engagement representative from the NRRC, we were told that it was “too soon” to involve community services such as financial counsellors in the organisation’s community engagement strategy. This was a confusing response given it had been almost nine months since the flood, during which time financial counsellors had been consistently supporting affected people throughout the Northern Rivers region.

This initial contact was the first of many frustrating interactions which included:

- Being told that if financial counsellors wanted to know more about the RHP they would have to register to attend a town hall event as a community member.
- Not acknowledging FCA’s pivotal role in alerting Centrelink’s Financial Information Service to the existence of the RHP. This alert led to a positive community engagement relationship between the NRRC and Centrelink’s Financial Information Service for the benefit of the community.
- Not being invited to attend a Recovery Services meeting until March 2023.
- Having our expert advice openly questioned in a large Recovery Services meeting.

## Resilient Homes Program – post 30 June 2023

Since the NSW Reconstruction Authority assumed responsibility for the RHP on 1 July 2023, financial counsellors have reported that there appears to be more clarity of roles and processes and more reliable answers to questions.

*“As a support worker the channels of communication have been more reliable. I work extensively with Social Futures and Legal Aid NSW, and they have a clearer process of managing client cases and issues.”*

We are also pleased that the relationship appears to be mutually beneficial.

*“As a financial counsellor I have received an increase in the number of referrals from the NSW Reconstruction Authority, for people wanting direction and information once they receive their settlement proceeds.”*

## Appeals to the Resilient Homes Program

These positive changes in management have been an important development for financial counsellors whose caseloads are dominated by appeals to the RHP.

*“I currently have approximately 20 clients, of which 5 are waiting on an appeal to the NSW Reconstruction Authority. In addition, I have approximately 3 to 4 clients each month who have questions with regards to the Buyback.”*

Financial counsellors have noted there are a range of reasons why individuals are appealing the offer by the RHP. For some, it is because the buyback price is below their expectations. For others, it is because they believe they are eligible for a buyback but have not received an offer, or they have been offered house raising or retro fitting but are wanting a buyback.

Regardless of the reason, individuals who have been successful with their appeal have found the outcome to be life changing.

*“A successful appeal means people are finally able to move on with their lives. Once the appeal has been approved and settled most people are able to make a decision about the next steps they need to take. Each person’s situation is unique, and therefore the decisions they make vary greatly. Some have moved to a different region, others have purchased new homes, others have decided to have a complete life change.”*

### Case Study 1

Client had a home in South Lismore that had been completely inundated but also had been impacted by the Boral spill that had destroyed the home. The client put in a claim against Boral for damages, they also put in an appeal to the NSW Reconstruction Authority for an increase in the offer price.

The client was successful with both claims. The outcome was that they were able to move out of the flood prone area, purchase a new home and have additional funds to rebuild their life.

### **Case Study 2**

Client received a substantial offer from the NSW Reconstruction Authority, which was greater than their expectations. They also received a sizeable insurance payout and had sufficient funds to purchase a new home and have available money to support them in their retirement. This case was unusual as most people did not have the bonus of both the Buyback and an insurance payout.

### **Delays in the appeals process**

While the financial impact of a successful appeal can be life changing, financial counsellors have reported long delays for appeals to be reviewed. Given that it is now well over two years since the flood, there are concerns about both the financial and mental health impact of these delays. The following case studies highlight the additional pressure that delays in the appeals process places on people with pre-existing vulnerabilities.

### **Case Study 3**

Elderly client aged 80. Completely flood impacted, unable to live in the home post flood and has been living with family, no insurance and no funds to rebuild. Has received the DRG payment and John Lynns Group have completed some repairs to a 'liveable' standard. They were offered a Buyback on the property which was substantially below what they believed to be a reasonable market value. This client had an independent valuation done. We then put in an appeal to increase the offer price. We are yet to hear from NSW Reconstruction Authority. The client has been waiting approximately three months since their appeal was submitted. I worked with Legal Aid Disaster Recovery team in putting the appeal together.

### **Case Study 4**

Client and their partner have a severely disabled child. They live in a flood prone area. Their home was completely inundated to the roof. They received an insurance cash settlement which they have used to rebuild their home. My client has self-managed the rebuild, the cash proceeds were put in an offset account to enable them to access the funds to pay for the rebuild. Other houses in their area have received a Buyback offer, they did not receive an offer. They have put in an appeal to NSW Reconstruction Authority to be included in the Buyback Scheme on exceptional circumstances. Their child is unable to go up the stairs (cerebral palsy), they need to move due to the impact on their child and the impact on their mental health. They are still waiting on a response from NSW Reconstruction Authority. I worked with Social Futures and Legal Aid in putting forward this appeal.

## Case Study 5

Client and two teenage children were severely flood impacted. No insurance, no savings and no capacity to rebuild. Severe mental health issues that have greatly restricted their capacity to rebuild their life and move forward. They do not have work as they lost their small business in the flood and is on Centrelink Jobseeker. The house has had some minor repairs, but John Lynns Group refused to proceed with further repairs due to the severe damage to the property foundations. The client remains living in the home despite the fact there are no walls, there is a makeshift kitchen, and they still have the same bathroom. Resilient Lismore have finally been able to help with rebuilding two rooms. The client is putting in an appeal for a Buyback. Many houses in their area have been offered a Buyback but they have not. They have put in an appeal with the NSW Reconstruction Authority for a Buyback on grounds of severe financial hardship and extreme flood risk. This is also still pending. I am working with Social Futures and Legal Aid in putting forward this appeal.

## Resilient Lands Program, house raising, retro fitting

Financial counsellors have reported that some people are still undecided about the Resilient Lands Program. While there is certainly interest in the Program, the lack of clear time frames and costings have been identified as reasons why some people are choosing to bypass the Program and find their own properties outside of the Lismore region.

Financial counsellors have also reported that they have not yet heard from anyone who has been approved to begin a retro fit or house raising. It is not clear whether these streams of the RHP have begun. We note with disappointment that since the NSW Reconstruction Authority assumed responsibility for the RHP, the public facing dashboard on the RHP's website is no longer available. This was a useful tool that kept the public informed of the RHP's progress across all three streams of funding.

## Recommendations

In response to the experiences shared by financial counsellors and the clients they support, we offer a set of recommendations that aims to further improve on the good work of the NSW Reconstruction Authority:

1. Reduce delays in the appeals process.
2. Commence the house raising and retro fitting streams.
3. Resume the public facing dashboard showing the progress of the three RHP streams.
4. Provide clarity regarding the Resilient Lands Program.
5. Recognise community service providers as key stakeholders and engage with them early.



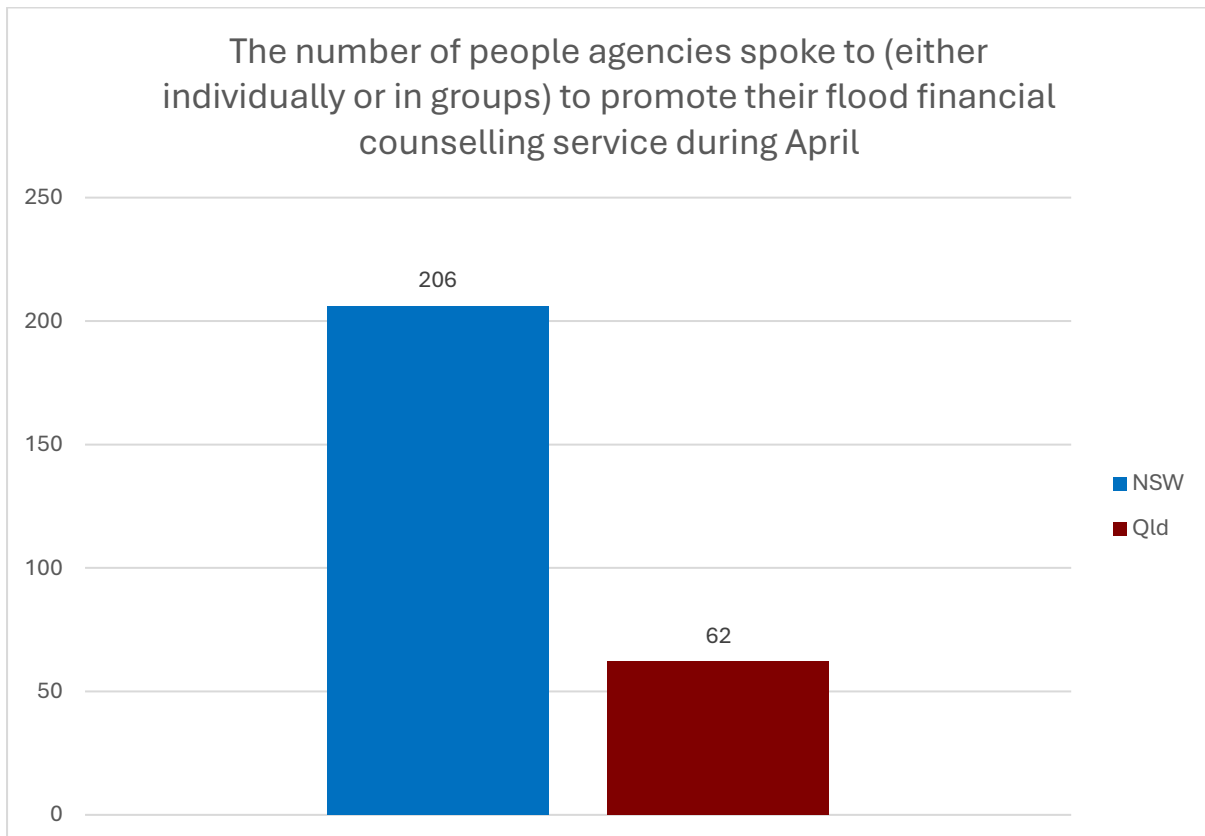
Appendix 1 – NSW and Qld flood data as of 30 April 2024

268

Total community contacts this month

10,722

Total community contacts since start

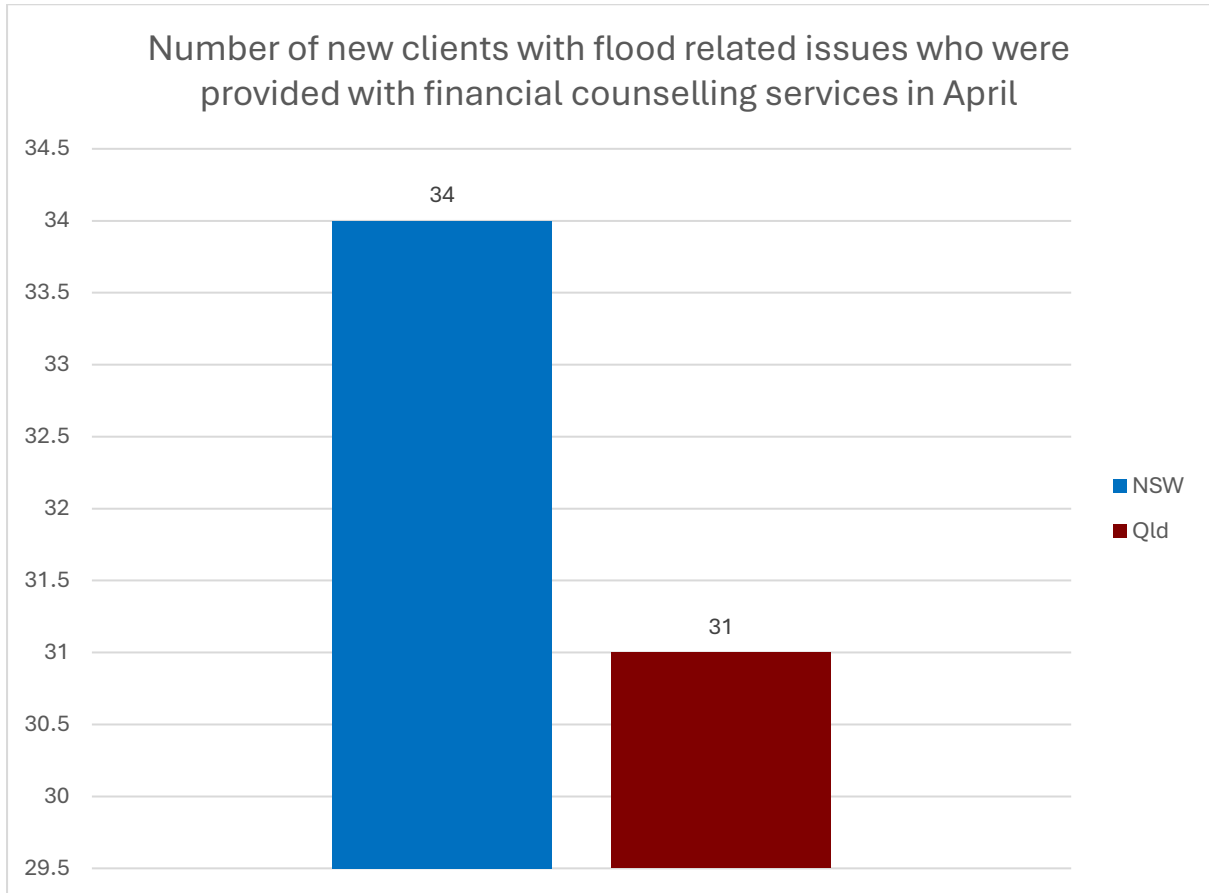


# 65

Total new clients this month

# 1,667

Total new clients since start

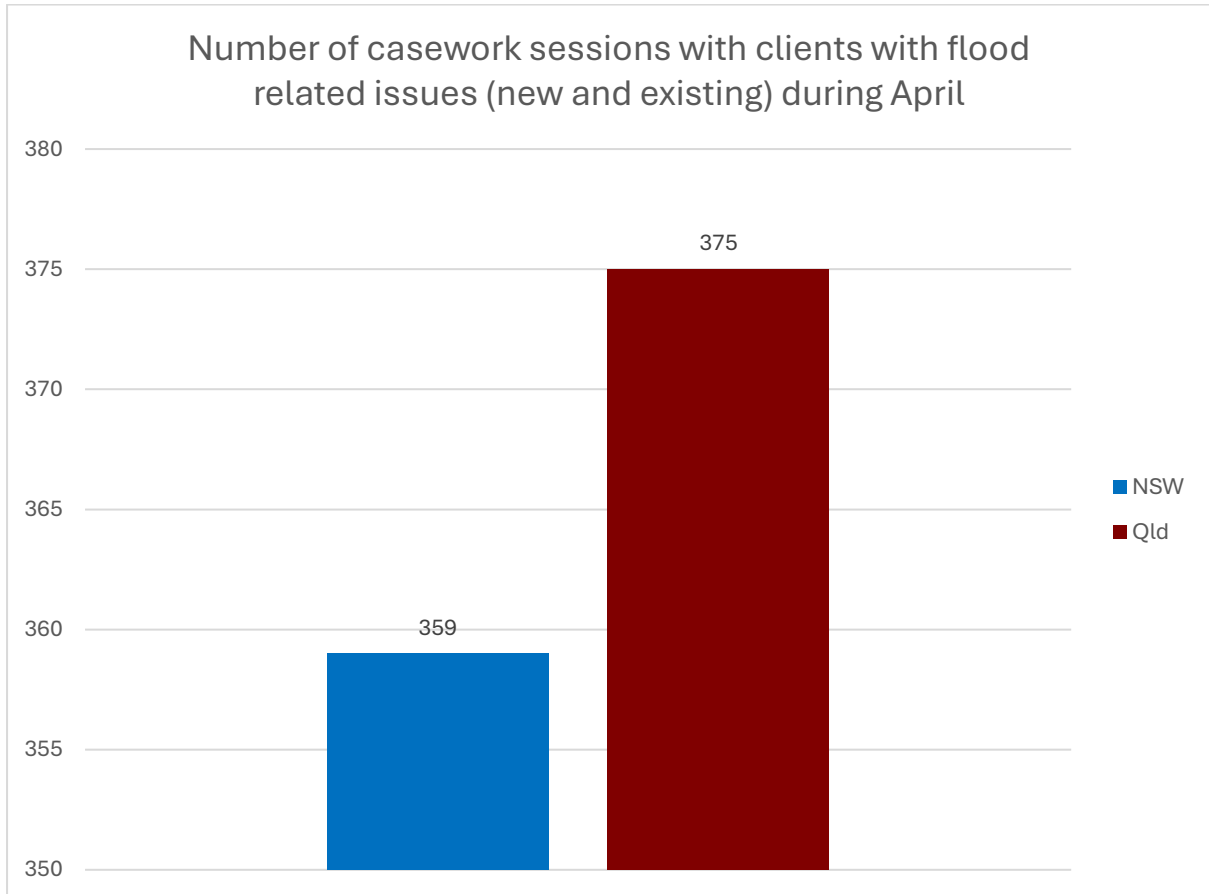


# 734

Total casework sessions this month

# 11,201

Total casework sessions since start



Issues clients were experiencing and the percentage of clients who were experiencing them during April

