



**Australian Government**  
**Department of Social Services**

# Discussion paper

Financial Wellbeing and Capability Activity

January 2017



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## Introduction

The Australian Government invests around \$100 million each year under the Financial Wellbeing and Capability (FWC) Activity to fund services aimed at alleviating financial crisis, addressing financial stress and hardship, and increasing financial literacy across Australia with the intent of improving life outcomes.

Financial stress, like many social problems, has flow-on effects to other areas of an individual's life. Wesley Mission (2010) found that around half of those in financial stress suffer from ill health and many experience relationship issues, including divorce and domestic and family violence. Financial stress is also associated with increased drug and alcohol use and mental illness. This supports feedback from the sector that highlights the increasing numbers of individuals with complex needs who are presenting for services. It is vital that service providers have the tools available to assist these people.

More than ever it is critical that funding provided to services is delivered in the most efficient and effective way. Targeting services to those people who need it the most, sharing best practice, using evidence to inform service delivery and measuring the long term benefits of services are all necessary to ensure the FWC is having a positive nation-wide impact.

Working together in supporting people to achieve financial stability and participate fully in work and life is the ultimate objective of the FWC. A financially stable individual is more likely to be able to acquire essential items, build assets, have better health outcomes, maintain stable relationships and have a greater capacity to engage in education and work.

## Purpose of the discussion paper

This discussion paper describes a proposal for redesigning the FWC, focusing on improved targeting of services, strengthening integration, building a strong workforce, supporting the capability and employment outcomes of clients and measuring the outcomes of FWC services. It will ensure clear links with the Australian Government's constitutional powers. We also acknowledge the role of state and territory governments in funding financial support services and, where possible, seek to complement these and other services. The proposals in this discussion paper relate solely to Australian Government funded services.

The purpose of this discussion paper is to:

- inform the FWC sector of proposed policy options under consideration;
- encourage providers to consider opportunities for innovation, integration and efficiency; and
- invite input and feedback from providers on the continued direction of redesign in the sector.

We seek your input on the proposed direction of FWC redesign to ensure policy responses continue to meet the needs of vulnerable clients, **not to reduce funding levels**. All FWC providers, peak bodies and other interested stakeholders are invited to make a written submission on any or all of the questions raised in this discussion paper. All submissions will be analysed and considered in further policy development and implementation.

Submissions are to be uploaded on [engage.dss.gov.au](https://engage.dss.gov.au) by **31 March, 2017**. The Department of Social Services (DSS) will treat all submissions as **non-confidential**, unless clearly indicated. A summary of submissions will be made available to all organisations and individuals who provide input to this consultation process. Please keep your responses succinct (suggested maximum of 500 words per section).

## What is the Financial Wellbeing and Capability Activity?

The FWC Activity funds over 400 service providers who provide emergency relief, food relief, financial counselling, broad financial capability services, budgeting and/or access to microfinance products to financially vulnerable individuals. The FWC Activity is comprised of a number of different components (see Table 1).

**Table 1: Outline of the FWC**

Financial Counselling and Capability	Emergency and Food Relief	Microfinance (Financial Resilience)
<p><b><u>Commonwealth Financial Counselling</u></b></p> <p><i>Helps people in personal financial difficulty to address financial problems, manage debt and make informed choices about their money in the future. Services may include casework, advocacy, referral or education.</i></p> <p><b><u>Financial Capability (FC)</u></b></p> <p><i>Helps people to build longer-term capability to budget and manage their money better and make informed choices. Financial Capability workers deliver financial literacy education, information and coaching.</i></p> <p><b><u>National Debt Helpline</u></b></p> <p><i>A 1800 telephone service that expands the reach of financial counselling to people who are unable to use face-to-face services.</i></p> <p><b><u>Commonwealth Financial Counselling for Problem Gamblers</u></b></p> <p><i>Provides specialised assistance for problem gamblers and their families to manage debt, navigate out of financial crisis and address gambling addiction.</i></p> <p><b><u>Financial Counselling, Capability and Resilience Hubs</u></b></p> <p><i>Provides integrated Commonwealth Financial Counselling, Capability and Resilience services in Income Management locations.</i></p>	<p><b><u>Emergency Relief (ER)</u></b></p> <p><i>Organisations delivering Emergency Relief provide immediate financial and/or material support to people in financial crisis (e.g. supermarket, utilities, petrol vouchers). Emergency Relief can also be an entry point into a continuum of financial or other appropriate services.</i></p> <p><b><u>Food Relief</u></b></p> <p><i>Food relief providers aim to increase access to a cost-effective supply of food items to ER organisations, by:</i></p> <ul style="list-style-type: none"> <li>• receiving donated food from farmers/manufacturers/retailers/other food redistribution services and redistributing to community organisations;</li> <li>• sourcing and transporting essential foods where food donations are insufficient; and</li> <li>• leading the development of local partnerships among food redistribution suppliers to improve access and distribution.</li> </ul>	<p><b><u>No Interest Loans Scheme</u></b></p> <p><i>Access to no-interest loans of up to \$1,200 to people on low incomes for household items including whitegoods and furniture.</i></p> <p><b><u>Step UP</u></b></p> <p><i>Provides low-interest loans of up to \$3,000 for people on low-incomes for household goods and vehicles.</i></p> <p><b><u>Saver Plus</u></b></p> <p><i>Matched savings program for people on low incomes who can access up to \$500 in matched savings when they save \$500, following completion of a financial literacy course.</i></p> <p><b><u>Community Development Financial Institutions (Microenterprises)</u></b></p> <p><i>Facilitates access to low-interest loans for people on low-incomes to start small businesses, providing support to plan and execute their business model.</i></p> <p><b><u>Financial Inclusion Action Plan (FIAP)</u></b></p> <p><i>Financial Inclusion Action Plans are a commitment by organisations to undertake tangible actions to address financial exclusion in their sphere of influence. Financial Inclusion Action Plans are intended to drive a shift in corporate culture towards promoting financially inclusive policies at an organisational level and positive financial behaviours at an individual level.</i></p>

## Why does the Australian Government invest in the Financial Wellbeing and Capability Activity?

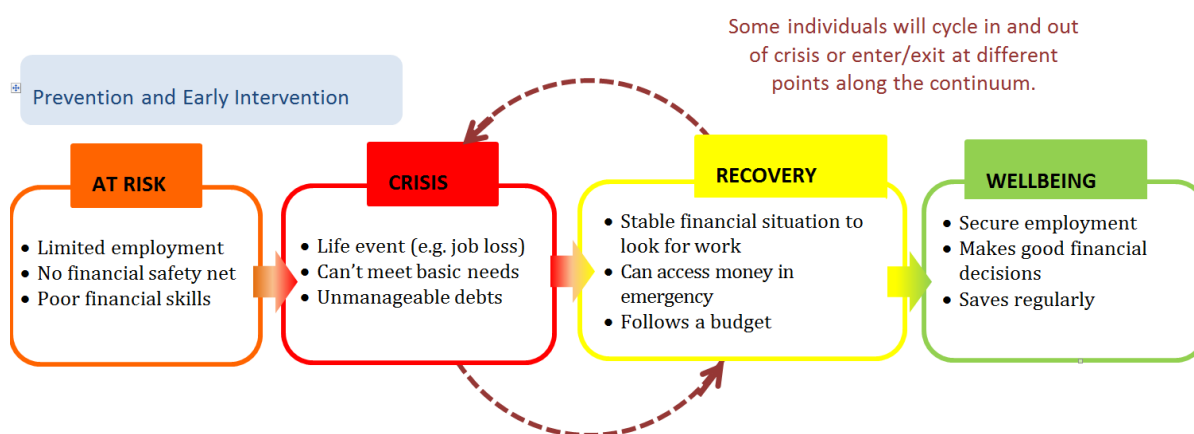
FWC services provide assistance across a continuum of needs from prevention and early intervention to crisis intervention to recovery and finally wellbeing (see Figure 1). Services include financial capability (prevention and early intervention), Emergency Relief (ER) and financial counselling (crisis support), and matched savings, low interest or no interest schemes, and microenterprise (recovery and wellbeing).

The Australian Government's investment in financial wellbeing services dates back over 40 years, when it started funding ER. This was in response to the 1977 Commission of Inquiry into Poverty, which recognised the inadequacy of income in relation to expenditure. Initially these services focused on addressing immediate needs in time of financial crisis. However, over the years a number of reforms have occurred and funding has steadily increased, as has the variety of services the Australian Government funds under the activity, with the most recent addition being microenterprise initiatives.

At a broad level, FWC services aim to help people:

- address immediate needs in time of financial crisis;
- on a low-income to build longer-term skills to budget, better manage their money and make informed choices, in order to resolve personal financial difficulties;
- on low-income to access to savings and credit; and
- support people to be able to become work ready or find a job.

**Figure 1: Financial wellbeing continuum**



In addition, the Australian Government's investment in this space aligns the FWC with the income support safety net, complementing the payments system. It does this by supporting those already engaged in the welfare system with the longer-term aim of promoting financial stability and independence. By providing financial counselling and capability services, including through hub service models, FWC can be an important intervention point for those in the welfare system, assisting them to escape poverty, become independent and engaged with education and employment.

## Drivers of redesign

Across the FWC, many providers are reporting that the complexity of needs experienced by their clients has increased markedly and that demand for assistance remains high. The Department of Social Services (DSS) recognises that organisations delivering financial wellbeing services work hard to respond to these increasingly complex needs. However, this also means that the FWC needs to continually evolve to ensure that individuals, families and communities have the best possible opportunities for positive and long-lasting outcomes.

DSS has closely considered a number of issues when proposing options for redesign. In 2015, two major projects informed the development of many of these options. In the first of these, DSS commissioned KPMG to conduct a research and consultation project of the FWC in consultation with the sector. Several themes emerged from responses received from providers (a summary of these is provided at **Attachment A**). These include the need to:

- strengthen client centred and wrap around approaches to service delivery;
- explore opportunities to better support clients with entrenched disadvantage; particularly those who may be repeat users of ER services;
- expand opportunities for early intervention and prevention; and
- build organisational and workforce capability.

A second project, built on wide ranging consultation with microfinance organisations raised a number of ideas and issues which also informed this discussion paper.

In addition, a number of Australian Government policy priorities have also influenced the direction of the FWC, such as stronger alignment with strategies to address domestic and family violence. The Australian Government's recent announcement of its Investment Approach (Try, Test and Learn) provides the opportunity for service providers to develop and implement innovative ideas to help people live independently of welfare.

Increasing employment possibilities has been identified as a key target of intervention for all Australian Government funded programs, including the FWC, and we invite providers to consider this, and the Investment Approach, in their submissions.<sup>1</sup>

Finally, as an arm of Government, the Department must at all times ensure that administration of taxpayer funds is undertaken in strict accordance with the law. Changes proposed to FWC have also been considered in the context of changes to background law, including decisions made by the High Court on the Pape and Williams cases.

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<sup>1</sup> See [www.dss.gov.au/about-the-department/publications-articles/corporate-publications/budget-and-additional-estimates-statements/budget-2016/try-test-and-learn-fund](http://www.dss.gov.au/about-the-department/publications-articles/corporate-publications/budget-and-additional-estimates-statements/budget-2016/try-test-and-learn-fund) for more information.

## Principles of reform

The following principles guide the redesign of the FWC:

- *Achieving outcomes*: our focus is on ensuring services are achieving positive outcomes for clients and we will continue to work with the sector with this goal in mind.
- *Evidence*: we utilise evidence where it exists, while continuing to build the evidence base around service delivery outcomes (through tools such as the DSS Data Exchange) to ensure appropriate targeting of clients and services.
- *Complexity*: we recognise the complexity of the needs of clients and of the sector.
- *Reducing red tape*: we understand the effort it takes for organisations to apply for grants and, through future grant rounds, seek to streamline and simplify the process as much as possible.
- *Consultation*: DSS engages with the sector in discussing options, valuing their expertise and experience in delivering FWC services.

## Discussion topics

### 1. Strategies to improve the targeting of services

FWC services target individuals who may be at risk of, or experiencing, a financial crisis. Many clients of FWC services experience entrenched disadvantage and long-term financial stress and need support to build financial literacy and meet financial commitments. Others present at services with a range of complex needs, including mental health issues, homelessness or housing stress, domestic and family violence.

While many FWC clients are long-term welfare dependent, for others a life event, such as a job loss, can lead them on a trajectory towards financial crisis when not managed appropriately. FWC services can play a strong role in preventing people in financial stress from descending further into crisis. A 2011 review of DSS funded financial wellbeing services found that services were broadly efficient in directing resources towards those most in need (Eardley, 2011). However, the review recommended providing consistent and transparent guidelines for eligibility for services.

DSS recognises the importance of targeting services effectively; to ensure that finite resources can be accessed by those who need them most and acknowledging the rationale for the Australian Government's investment in financial wellbeing as a complement to the income support safety net. In order to achieve this, DSS proposes strengthening guidelines around client eligibility for services.

Two main changes to the FWC guidelines will be:

- ER and Commonwealth Financial Counselling (CFC) services would be restricted to those at imminent risk of not being able to pay their debts; and
- As a complement to the income support safety net, Financial Capability would be restricted towards:
  - people in receipt of an Australian Government social welfare allowance, pension or benefit,

- people experiencing domestic and family violence, and
- immigrants/non-citizens.

DSS will develop guidance material to assist service providers to adapt to any changes.

***Questions for discussion***

- 1.1 What impacts do you expect restricting eligibility criteria in the manner proposed above will have on your service?
- 1.2 What strategies can be employed to ensure that services are accessible for those who need them the most?



## 2. Strategies to increase service integration

Vulnerable people often experience difficulty accessing the services they need to enhance their financial wellbeing. This may be because of cultural or language barriers, little knowledge of what services are available for them or feelings of stigma when approaching services, many of which they may view as being 'charity'. Many people simply lack the skills needed to negotiate an increasingly complex service system. For these reasons, some vulnerable people may not receive assistance appropriate to their needs, and services that are accessed may only address the presenting symptoms of deeper and more complex issues.

Research increasingly recognises that providers who offer, for example, an integrated service model are able to better achieve improved outcomes for their clients. A recent OECD report found that improved service integration better addressed the multiple underlying issues of vulnerable populations, while at the same time improving access to services, reducing cost burdens and facilitating information and knowledge sharing between professionals (OECD, 2015).

Recent data indicates that many FWC providers, both large and small, are already working towards the goal of providing more holistic support for people in financial stress. In 2014, reforms to the FWC attempted to consolidate services by targeting areas of entrenched disadvantage and encouraging greater integration. Positively, many FWC service providers responded to these reforms by improving collaboration and integration within their own communities.

Nevertheless, around 70 per cent of FWC services currently offer only a single FWC service to their clients. This highlights the need for, at the very least, stronger cooperation between services to ensure a more responsive service offering. In some cases, two or more organisations joining together to provide a single service can lead to improved information sharing, improved efficiencies and improved service delivery outcomes. Strong, collaborative relationships with other appropriate support services outside of the FWC can also assist with addressing underlying causes of financial stress.

Improving service integration enables:

- clients with multiple underlying needs to be supported consistently and comprehensively, enabling services to look holistically at an individual, rather than at just one issue;
- strengthened linkages and pathways between different services both within and outside the FWC, making it easier for workers to co-ordinate referrals; and
- organisations to find administrative efficiencies by sharing resources across services.

Integrated models generally combine a range of services, such as family relationships, jobactive/job network providers, mental health and homelessness and domestic and family violence services. Proposed redesign options do not specify a preferred model of integrated service delivery, recognising that there are many different models of integration, from simple cooperation between services to full integrative models, with shared services delivery based on shared philosophy, vision, goals and outcomes (see Table 2). At a minimum, however, services will be expected to support clients with referrals to other appropriate services.

**Table 2: Continuum of integration**

Autonomy	Co-operation	Co-ordination	Collaboration	Integration
Agencies act without reference to each other, although the actions of one may affect the other(s).	Agencies establish ongoing ties and provide limited support to an activity undertaken by the other agency. Communication and sharing information is emphasised. Requires a willingness to work together for common goals, goodwill and some mutual understanding.	Separate partners plan the alignment of their activities. Duplication of activities and resources is minimised. Requires agreed plans and protocols or the appointment of a coordinator or manager.	Partners put their resources into a pool for a common purpose, but remain separate. Responsibility for using the pooled resources is shared by each of them. Requires common goals and philosophy and agreed plans and governance and administrative arrangements.	Links between separate agencies draw them into a single system. Boundaries between the agencies dissolve as they merge some or all of their activities, processes or assets.
	<b>Examples</b> include learning and information sharing networks and open access to each other's facilities and services.	<b>Examples</b> include the appointment of a hub coordinator to provide strong links between existing services, or developing joint funding proposals for new co-ordinated programs.	<b>Examples</b> include the establishment of shared service centres or two or more organisations joining together to provide a single service.	<b>Examples</b> include preventative or community-based place management programs. It can also involve the merger of similar agencies to form a single larger organisation.

Source: QCOSS (2013)

### *Strengthening referral pathways*

For many of those who access FWC services at a time of financial crisis, financial capability is just one aspect of their overall financial wellbeing, with a range of other issues, such as income adequacy, housing, utility costs, health care and relationship services also essential factors that require addressing. This reinforces the principle that the FWC cannot be seen in isolation from other areas of Australian Government policy and programs. The FWC must continue to build stronger linkages across a range of community services, including family relationship services, jobactive/job network provider, domestic and family violence services, mental health and housing programs.

In order to strengthen integrated service delivery, one main change to the FWC program guidelines is proposed:

- FWC providers would be contractually required to establish formal relationships and referral pathways with other FWC providers and other relevant services including Family Relationship services, jobactive/job network providers and/or other appropriate services in their funded areas.

DSS will develop guidance material to assist service providers in building cooperation and collaboration that allows flexibility for providers to establish relationships that meet local and community needs.

**Practice example – referral pathways**

**YFS Ltd** (formerly known as Youth and Family Service Logan City), delivers a range of complementary services in the Logan area (QLD), and is involved in collective action with partner service providers. The first point of contact for YFS clients, whether phoning or visiting, is through the referral and assessment service which prioritises clients, links to services and provides instant information for clients.

The referral and assessment service focuses on clients' immediate crisis situation, while connecting clients with relevant services within YFS or the community to address underlying or co-morbid issues contributing to their financial crisis.

YFS has established consistent referral pathways for clients, leveraging the diversity of services operating in the service area through networks and coordinating ER with consortium partners and volunteer support. YFS uses a shared database for case management and reporting practices, and maintains a directory of government and community facilities to aid referral. Referral pathways are supported by formal staff training on referral protocols and procedures.

Source: YFS (2016)

*Expanding the number of FWC Service Delivery Hubs*

Since 1 January 2016, the Australian Government has funded a number of Financial Counselling, Capability and Resilience Hubs in Income Management locations to provide integrated services under the one roof. These combine financial counselling and capability alongside access to no and low interest loans and, in some cases, provide additional services, to strengthen employment and family functioning outcomes. These models are designed to intercede at life transition points when people are most vulnerable to financial crisis, such as job loss or family breakdown. This means that clients experiencing a major life transition need only approach one service to receive support appropriate to their needs.

Currently, Hubs operate in 29 Income Management sites across Australia, although the majority are in Western Australia and the Northern Territory. The Hubs are based in urban, rural and remote areas, servicing outlying communities by outreach in remote locations.

Under this proposal:

- a similar model of Hub services may be funded in one or two additional locations across Australia, with locations chosen on the basis of disadvantage and availability of other relevant support services; and
- organisations, or a consortia of organisations, would be encouraged to apply to deliver the Hub service model in the identified areas.

Hubs would be flexible enough to deliver a mix of FWC services that providers determine would achieve the best outcomes in their communities, ideally integrated with a range of other services appropriate to community needs.

**Practice example – Hubs**

**Anglicare SA** use a wrap-around service model to tailor assistance to the needs of individual clients, based on the philosophy that individuals taking control of finances is a step towards taking control of their future. Anglicare's priority client groups include jobless families, young parents, Indigenous people, and residents of Playford, a highly disadvantaged urban area in Adelaide. Clients can access a spectrum of services including financial, aged care, family, youth, disability and housing. Financial services range from crisis support, to developing saving habits, to one-on-one financial counselling, and loans with no interest. Anglicare engages with the community through a range of community settings – including schools, community centres, women's groups and services targeting young people. Anglicare SA offers a central intake and assessment process to ensure other agencies and community members gain timely effective response to initial contact with their geographically dispersed services. Anglicare SA links with community services such as housing, employment agencies, and women's domestic and family violence services. In response to the Holden car factory closure, Anglicare SA have been assisting workers who have been made redundant to manage this transition.

Source: Anglicare SA (2016)

**Questions for discussion**

- 2.1 What would help you to strengthen cooperation with other services (e.g. family support services and jobactive/job network providers) in your community? What additional support would you need to achieve this?
- 2.2 What effect will the requirement to formalise relationships with other organisations have on your service? How do you see these relationships working to maximise their effectiveness?
- 2.3 Where is integration / collaboration of FWC microfinance services with other FWC services occurring across the country? Is there a way these relationships could be better supported?
- 2.4 What elements would need to be present to ensure a hub model is successful in your community? What additional support would you need to establish a hub in your community?
- 2.5 What elements and innovative practices would be particularly key in establishing a hub model in a rural and/or remote service delivery context?
- 2.6 How could Australian Government funding be used differently to better support integration of FWC services?

### 3. Strategies to support client outcomes

Over time, the focus of Australian Government funded financial wellbeing services has been slowly shifting. Initially, services focused on assisting people in times of immediate crisis. However, the FWC now also supports individuals, families and communities through better access to services across a continuum of wellbeing, from crisis assistance to longer term financial capability and, in some cases, transition to employment.

All FWC services, including those traditionally focused on crisis intervention, are being asked to consider ways of strengthening longer-term outcomes for clients, building capability and supporting resilience and self-reliance to prevent future crises or minimise their impact.

#### *Employment*

Alongside managing expenditure, one of the most effective ways of improving financial stability is increasing a person's earning capacity, ideally through employment. Data received from service providers indicates that the majority of people accessing services are those in receipt of income support. This means that FWC service providers have a unique opportunity to tap into some of the most hard to reach clients (particularly those accessing ER), building capability among the most disadvantaged and targeting those who have barriers to employment.

A range of options are being considered to strengthen pathways to employment for those who access FWC services. These include changing program guidelines to require:

- financial counsellors and capability workers to address work readiness and employability skills alongside financial literacy skills (this could be through referral to an appropriate employment service or providing financial literacy support to someone transitioning to or from employment);
- all FWC services to emphasise employment as a key goal when working with clients on Newstart Allowance, and explore pathways with clients to increase employment prospects; and
- clients to be provided with appropriate referrals to other services (including jobactive/ job network providers) that can strengthen their capability and stabilise their financial situation.

#### *Enhancing Stability and Resilience through ER*

Early data from the DSS Data Exchange shows a high rate of repeat users of ER, with 17 per cent of clients presenting for ER five or more times in a six month period. Almost half of all clients have presented for ER services three or more times in six months. This suggests that a sizable proportion of ER clients have become dependent on crisis services, presenting opportunities for ER to act as a front door to build longer term financial stability and resilience.

Most service providers aim to limit the frequency of ER receipt by individuals, in line with guidelines, and attempt to avoid unnecessary over-dependence on ER crisis support. However, there is not a consistent approach applied in the sector to address clients' underlying issues and the reasons for multiple service usage. Some providers focus on the

broader reasons for repeat ER use and, where possible and practical, seek to address clients' underlying needs, provide case management and/or offer financial counselling.

One option being considered is to work more closely with clients who may present regularly for ER support, recognising that repeatedly providing material aid can often be a disservice to the client. Often clients who are in crisis may need additional services but do not know what they need or where to turn and may need additional support to manage their financial situation. ER service providers are in an ideal position to become a gateway to a range of other services.

Under this proposal:

- Clients who present on multiple occasions within a certain timeframe would be required to demonstrate that they have taken reasonable steps to reduce their costs, increase their income or improve their financial management.

Eligibility for further ER will be dependent upon a client making real efforts to improve their financial management. This may include, for example, demonstrating that they regularly prepare and follow a budget, or that they are seeking assistance for other issues compounding their financial stress. Service providers will have the flexibility to determine whether client actions constitute an improvement in financial management.

DSS will work with the sector, particularly ER organisations, to develop guidance material to support these strategies.

#### **Practice example – Building stability and resilience**

The New Zealand Government provides one-off payments for individuals unable to meet urgent and necessary needs. Individuals can apply for the payment more than once, and for the first two payments in a year, the individual needs to demonstrate financial hardship. For the third, fourth or fifth request, the individual needs to demonstrate reasonable steps to either:

- increase their income;
- reduce their costs, for instance by cancelling non-essential payments or services; or
- improving their financial management, for instance by completing their own budget.

These steps represent mutual obligation between the individual and their support officer. Importantly, the tests an individual must satisfy will depend on the individual's circumstances and needs. If an individual applies for six or more payments in a year, the individual must have an intensive interview with a case manager, and payments must be approved by a centre manager.

Source: [www.workandincome.govt.nz/products/a-z-benefits/special-needs-grant.html](http://www.workandincome.govt.nz/products/a-z-benefits/special-needs-grant.html)

**Practice example – Building stability and resilience**

**The Salvation Army's 'Doorways'** is an innovative, holistic, community support service helping clients build their capacity to move to a more stable future. Through case management, mentoring and building wider connections into other services, *Doorways* offers holistic support to individuals and families in need. *Doorways* provides an emphasis on tackling the issues underlying economic hardship. The Salvation Army has identified that 50 per cent of ER clients only require short-term assistance (one visit) to get them through a particular crisis event. The remaining 50 per cent are recurrent users of ER services (up to five or more visits per annum and accounting for 79 per cent of all episodes of ER support). *Doorways* casework targets this second cohort to address their underlying issues and to develop strategies and skills to achieve positive long term outcomes. The Salvation Army's *Doorways* is a capacity building approach assisting individuals and families move out of poverty and welfare dependency.

Source: The Salvation Army (2014/2016)

*Prevention and early intervention*

FWC services are increasingly focused on intervening early to minimise the long term impact of a financial crisis when it occurs, or even preventing the crisis altogether in individuals who may be vulnerable to financial stress. Research increasingly demonstrates such interventions may prevent a range of associated problems, including psychological distress, relationship breakdown and health problems, which are all commonly associated with financial stress.

DSS is keen to support FWC services that focus on early intervention and prevention, including providing financial literacy and other support to people in the community who may be vulnerable to financial crisis (those on income support payments and who may be at risk of bankruptcy), as well as preventing financial crisis from recurring in the future for at-risk clients.

Opportunities for implementing an early intervention service are through:

- proactive education to at risk target groups;
- community promotion, better promotion of FWC services in the community; and
- co-operation with partner organisations to engage clients who are accessing non-FWC community services.

**Practice example – Early intervention and prevention**

**The Wesley Financial Literacy Education program** was launched in 2011 in response to the growing rate of financial stress in the community. The *In Charge of My Money* program was developed as an early intervention strategy aimed to assist communities, groups and individuals who are finding it difficult to manage their money to make more informed decisions about their spending and borrowing.

Wesley Mission partners with community service organisations and local councils to deliver workshops, and co-operates with Indigenous providers to service community hubs. Wesley Mission has also undertaken research into the ability of financially stressed households to plan for retirement, and recommends a retirement planning component in financial education.

Source: Wesley Mission (2015a/2015b)

***Questions for discussion***

- 3.1 What strategies can you utilise to support a client to improve their financial and/or employment outcomes?
- 3.2 How does your service currently deal with clients who present to your service on multiple occasions? At what point should additional support and requirements apply to repeat ER clients? What form should this take? What barriers do you see in implementing these requirements with your clients? What support would you need to implement such a proposal?
- 3.3 How can DSS better support early intervention and prevention opportunities?



#### 4. Strategies to build a strong workforce

The FWC workforce is diverse and multifaceted. It ranges from qualified professionals at one end to a large volunteer base at the other. For all workers, the key commonality is the delivery of services to clients who are financially vulnerable, at risk of not being able to pay their bills or on the verge of or in crisis. All recognise that financial stress poses significant risks to families and the flow-on effects that ongoing financial crisis has to broader social and economic costs for the Australian community.

The FWC workforce is facing some considerable challenges over the coming years. Many in the workforce are approaching retirement, resulting in a loss of knowledge and skills that cannot easily be replaced. In addition, workers are often not mobile, which is increasingly becoming an issue for the establishment of services in new areas of need. Clients presenting for FWC services are disclosing more complex needs and it is important that workers have the skills necessary to manage the transition of these clients into appropriate services that will meet their needs. For example, clients have experienced domestic and family violence; homelessness; mental and physical health issues; or are from culturally and linguistically diverse backgrounds. Clients are also increasingly showing a preference for service delivery that takes into account the time poor nature of modern families, including online or phone services, and the FWC Activity must adapt to this social change.

In order to better support FWC funded services adapt to the increasing complexity of the sector, strengthen integration and support their workforce, DSS is funding national organisations to deliver co-ordinated training and development. Training and development plans will acknowledge the significant difference in the makeup and development needs of the sector and aim to build upon any work already being undertaken in this area.

The grants include:

- the development and implementation of a national training strategy, including support in managing complex clients such as those experiencing domestic and family violence, problem gambling and chronic unemployment;
- facilitating the sharing of best practice examples among service providers;
- the development and implementation of a workforce strategy which works closely with service providers to build the capacity of their organisations to deliver high quality services, works towards addressing issues of attracting and retaining staff to the sector, and improves the ability of the sector to respond to funding changes;
- the development and maintenance of effective relationships with the Australian Government, State and Territory Governments, and other key sector bodies and workers;
- the development of tools and resources for both financial counsellors and financial capability workers that focus on employment readiness for unemployed clients to help assist them with the financial aspects of transitioning to work;
- working towards a distinct focus on early intervention and prevention role for Financial Capability workers; and
- the development and distribution of an operations guidelines kit for ER providers.

**Practice example – Workforce development**

ICAN services regional and remote areas in North Queensland and the Torres Strait, and actively involves Indigenous community members and organisations in service delivery. ICAN developed and delivers *'Yarnin' Money'*, a financial literacy program designed to increase financial capability in Indigenous communities. A *Yarnin' Money* train-the-trainer course has also been developed for community service organisations and other financial counselling and capability services interested in delivering the program.

ICAN further involves the national Indigenous financial counselling and capability community through the Indigenous Financial Counselling Mentorship program, bringing together partnerships across community, industry and government, with the aim of achieving greater outcomes in the sector. Scholarships are provided to Indigenous participants from across Australia to gain financial counselling qualifications. ICAN is currently establishing a registered training organisation, *'ICAN Learn'*, to provide learning and professional development pathways for the national financial counselling and capability sector.

Source: ICAN (2016)

**Questions for discussion**

- 4.1 Do ER and CFC/FC workers need to build capacity? If so, how might this be done?
- 4.2 What 'tools' do you see as integral to the further development of the FWC services in Australia?

## **5. Strategies to strengthen evidence, improve practice and measure outcomes**

To date, there have been limited evaluations and research on FWC programs which have focused on identifying outcomes. Most evaluations have been small scale and focused on the utility and demographics of the program, or on levels of poverty and financial hardship. None have evaluated longer term outcomes of direct interventions, including employment outcomes or improved individual and family functioning.

KPMG's 2015 research project found there was limited evidence underpinning FWC service delivery models, as well as limited research into longer-term outcomes achieved by financial wellbeing services. This was not because services did not achieve any longer-term outcomes, but rather because these were not measured or evaluated in any systematic way (either by DSS or by organisations themselves). With the introduction of the DSS Data Exchange in 2015, DSS is focused on a more robust measurement of client outcomes. We recognise that it is the joint responsibility of the Australian Government and the sector to build the evidence base and in a time of tightening budgets it is essential to demonstrate the impact of our services, at the same time establishing compelling case for continuing investment in financial wellbeing services. This will provide evidence to enable services to adjust service delivery to meet the needs of the clients, based on evidence of effectiveness.

Therefore DSS proposes undertaking an outcome based evaluation of the FWC Activity.

### ***Questions for discussion***

- 5.1 What do you see as the key issues involved in evaluating the FWC Activity?
- 5.2 What would you like to see as the main focus of the evaluation?

## Next Steps

DSS would like your feedback in response to the specific questions identified in this paper. Please let us know if there are any other significant issues and ideas that you think would help us improve the future delivery of financial wellbeing services. Please keep your responses succinct (suggested maximum of 500 words per section).

Following the consultation period, DSS will consider comments from all stakeholders and will release a summary report on the consultation in mid-2017. This will feed into recommendations to the Australian Government for the redesign of the FWC Activity that will take effect from 1 July 2018.

Thank you for taking the time to respond to this discussion paper and contributing to the ongoing development of the Financial Wellbeing and Capability Activity.

Should you have any questions, you may contact us at [fwc@dss.gov.au](mailto:fwc@dss.gov.au).

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## Attachment A: Qualitative responses from the FWC Sector Survey

### Background

The FWC Policy Research Project was funded by DSS in 2015 and conducted by KPMG. As part of the project KPMG asked service providers about current service practices and opportunities for improvement. A range of responses were received, summarised below.

### Themes

#### *Client centred and wrap around approaches to service delivery*

Providers noted the complexity of client's circumstances had increased over the years, stretching the skills and abilities of providers to provide appropriate support. Providers emphasised the importance of simplifying triage and referral processes, where possible having multiple services in the one location. Providers were also keen to build organisational capability to offer long-term case work, setting up one-stop-shops or to increase integration with other organisations, which pose particular challenges for remote providers.

#### *Approaches to repeat (ER) service usage by clients*

Many providers also sought ways to better support clients who presented on multiple occasions, particularly for an ER service. Providers recognised that core education in budgeting and saving was essential, as well as referring clients to other supports appropriate to their needs. A number of providers focused on building life skills ranging from food literacy, utilities literacy and shopping to parenting and gaining working skills and improving chances of employment. Providers recognised that, for particularly vulnerable clients, it can take years to address their financial issues.

#### *Approaches to early intervention of financial crisis*

Early intervention was beyond the scope of some services, particularly ER because of its crisis nature. In contrast, other FWC providers reported efforts towards early intervention, such as providing community education for vulnerable groups. Telephone counselling and online information resources were seen as effective mechanisms to intervene early to prevent future financial crises.

#### *Tools and information resources*

The sector uses a vast range of assessment tools, self-help materials, games and educational materials published by central organisations as well as many customised in-house materials, websites and apps. In contrast, many providers remarked on the importance of face-to-face services, and some rejected spending on technology rather than spending on services. A number of providers remarked positively about their experience with DSS' Data Exchange as a basic client management tool.

#### *Integration within and beyond the sector*

Many providers reported collaborating with other non-FWC service providers, both formally and informally. However, the challenge of service providers operating in silos was still a common theme, in terms of establishing effective referral pathways and sharing knowledge and resources. Service delivery models, such as colocation, hub centres and outreach were noted as strategies to build integration.

#### *Sector capability building*

Providers generally expressed interest in participating in sector capability building.