



## Future Directions of the Financial Wellbeing and Capability

### Activity Submission

#### 1.1 What impacts do you expect restricting eligibility criteria in the manner proposed above will have on your service?

CatholicCare NT (CCNT) Financial Wellbeing and Capability (FWC) program prioritises people who are registered for Income Management. Our program outreaches to some of the largest remote Indigenous communities in the NT. Whilst we prioritise the most vulnerable we also support many individuals who are not registered for a Government allowance. These individuals may be receiving Royalty payments, work on a casual/part time basis or experience language and literacy issues which prevent them from registering. CCNT also supports people who may have secured their first position of employment and due to language and literacy issues, need assistance to understand budgets, bill payments, superannuation and tax. If the eligibility criteria are restricted these people will no longer be able to access the service and therefore develop skills to prevent future financial hardship. By servicing new job starters CCNT provides an early intervention model of support.

There is limited industry in the bush to offer full time work, which means that most people are employed on a casual, part time or seasonal basis. The extreme remoteness and weather conditions in some parts of the Northern Territory are unlike any major metropolitan regions in Australia. Negative environmental impacts can affect proposed project works (employment opportunities), as well as the ability to travel and undertake employment duties in the isolated and remote areas in our region. Ultimately this can affect the stability for people to maintain stable income with a limited industry base. In our region most remote people are employed on a casual, part time or seasonal basis.

#### 1.2 What strategies can be employed to ensure that services are accessible for those who need them the most?

- Comprehensive triaging and intake process for FWC clients, using a stepped care approach, ensuring that clients get the right amount of service at the right time. This ensures that the most vulnerable client group is prioritised, while other clients may be diverted to other services, or require only a brief intervention.
- Having emergency relief attached to FWC hubs primarily, and linking ER to engagement in FWC services will target those people in crisis and supports movement into recovery and wellbeing.
- Wrap around service delivery models: FWC will achieve improved outcomes for the most vulnerable by moving towards a case management model, where clients are supported to address the complex issues that are impact on their financial resilience. This is supported by the one stop shop model where clients can access a range of services such as domestic violence, housing support or parenting support as well as attending to their financial issues.
- Increased development on culturally specific resources to use to educate people (i.e. family coping toolkit, other pictorial resources, translated resources etc.)

**2.1 What would help you to strengthen cooperation with other services (e.g. family support services and job network providers) in your community? What additional support would you need to achieve this?**

If FWC hubs had a clearer and articulated case management (not a counselling approach) approach to break the cycle of financial vulnerability through empowering clients to develop new skills and address critical issues impacting on their capacity to manage. CCNT uses an early intervention approach that supports individual clients to regain control of their lives. This support may be through assessment of life skills, referral to specialist agencies as required, coordination of supports, and advocacy with internal and external agencies. This approach reduces service duplication and allows for clear communication amongst relevant parties, including the client. To ensure effective coordination of service delivery funding contracts need to recognise the role of case management and incorporate this into the service design. This model also allows for standardised practice across multiple agencies which can then be easily documented and evaluated. DSS could also include in other program funding contracts reference to the FWC program and encourage evidence of collaboration with the FWC Provider in their region; this could feature as a KPI.

Family support agencies are a critical point of first contact for many vulnerable clients, including women experiencing domestic violence, people experiencing wellbeing and mental health issues and families with parenting stress. Colocation or demonstrated partnership arrangements would be critical. Service models should focus on outreach and collaborations with service partners.

Employment Service agencies in the CDP could be better integrated with FWC, including direct work with clients transitioning to work. FWC engagement would lay strong foundation skills for people entering the workforce or who are looking for employment. This would support the development of financial literacy skills across a range of topics; including budgeting, pay day lenders, consumer law, superannuation, credit and debt, accommodation options. Participation in the FWC program could be registered as an approved activity for job seekers.

**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?**

It would provide clarity about roles and responsibilities and prevent duplication of service delivery. It would also assist in addressing all needs the client presents with rather than clients attending “single” issue appointments with numerous service providers. It would also assist with transparency for ER and reduce the incidence of ‘agency shoppers’ making engagement to address the underlying issue a priority. For this to work effectively there would need to be an identified Case Manager who was acknowledged as being responsible for leading the support network. It would need to be acknowledged that the coordinator of the formal relationships is a role in itself, one that sits alongside of the Case Management/Case Coordinator position. Collaborative case work takes more time given that energy needs to be also focussed upon maintaining relationships, therefore it is recommended that case load numbers would need to be lowered, particularly for complex cases involving a number of providers.

Formal relationships with other organisations may also increase broader knowledge and increase efficiency by providing multiple options for clients, and be less of a burden for clients (less meetings to attend, less time spend accessing different supports).

## **2.2 Where is integration/collaboration of Financial Wellbeing Capability (FWC) microfinance service with other FWC services occurring across the country? Is there a way these relationships could be better supported?**

Microfinance (NILS) support is in process for remote areas, CCNT Katherine FWC team is working collaboratively with Good Shepherd Microfinance and MURU Finance to provide NILS loan to remote areas. CCNT has developed and agreed to policy of practice for both parties. In remote locations it is important to develop and build good relationships with Outback stores and transport and supplier companies so that the cost associated with delivery, maintenance and repair of items purchase via NILS does not out weigh the perceived benefits.

## **2.3 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?**

Open communication within services. Services need to be willing to change practices that have been in place previously such as the old Money Management program. It is the experience of CCNT that some services “hold on to” clients for extensive periods of time (over 12 months) rather than resourcing the client. It is the aim of the FWC CCNT program not to develop client dependence upon service providers but to upskill clients where appropriate, and in other circumstances where complete independence is not possible, develop a comprehensive, multi-faceted support network which assists the client to have their needs met.

There needs to be more consistency around the role definition of a FWC staff member, and an increase in skill development for these roles. FWC staff are able to address many issues which can prevent further hardship, or the need for a Financial Counsellor’s expertise. FWC’s are excellent at engaging and establishing trust with vulnerable people which then allows for more accurate assessments and case planning.

CCNT FWC staff are able to travel with the Financial Counsellor to remote communities and provide the ‘warm handover’ given they have an established relationship with the client. This partnership between the FWC and FC has been extremely beneficial for the team and for the clients given they only have to tell their story once, there is an established relationship which involves trust so people are more comfortable when discussing their financial situation. This honestly allows staff to fully assess the client’s situation and develop a plan which is effective.

By incorporating the delivery of ER into the FWC team staff are able to use ER as an entry point into the program. FWC staff can provide immediate practical support (via ER) so that the clients needs are met and they feel validated, and then the FWC staff can start to work on a plan so that the client is no longer reliant upon ER. This can be as simple as developing a budget, addressing fines, outstanding debts or facilitating a referral to the Financial Counsellor. FWC staff can also facilitate referrals to general counsellors, housing support, parenting support, employment providers; all of which leads to developing a comprehensive support plan. This hub model reflects the positive attributes to the “one shop” or “no wrong door” models of service provision. It is CCNT’s belief that a financial crisis can lead people to seek practical support and

it should be used as an opportunity to address All underlying challenges rather than just addressing the presenting need in isolation.

Remote areas need to have increased funding so that positions are placed based and well resourced. It also needs to be acknowledged in funding contracts that due to location, weather and cultural obligations, services are not always able to access some communities.

#### **2.4 What elements and innovative practices would be particularly key in establishing a hub model in a rural and/or remote service delivery context?**

There are limited employment opportunities in some remote areas which then affects relevant training and education opportunities. An innovative measure could be to incorporate in funding the contractual provision for traineeships (part time leading to full time) of FWC positions in rural and remote areas with full time positions. This could then lead to FWC positions being occupied by local community members and not staff from other areas who may not understand the culture/community. There is also a shortage of affordable housing in remote areas which can affect individuals and families ability to maintain employment as accommodation can be overcrowded, unsafe, inadequate and expensive.

Resources for community educational sessions need to be developed in language. It can be difficult to access clients in remote locations however it is the experience of CCNT that providing 'group' or community educational activities that involve localised resources can be an effective method of providing financial literacy education. It can also encourage people to access individual support if required.

Community educational activities also assist with the 'whole' of community acquiring new skills with regards to financial management. Money and saving are relatively new concepts in remote indigenous communities where the community philosophy of shared resources can still prevail. By addressing issues collectively service providers are working in a safer cultural context and strengthening the community to become resilient and sustainable by implementing shared understandings and money management concepts.

#### **2.5 How could Australian Government funding be used differently to better support integration of FWC services?**

Allocation of funds for staff skill development, which is consistent across the regions so practice is consistent. Training should incorporate the ability to assess LLN and to provide mentoring. FWC role needs to be further developed and the inclusion of a qualified Financial Counsellor should be maintained given the advantages cited earlier. It has been the experience of CCNT in delivering the FWC program that the different roles can share expertise (FWC's are proficient in engagement, establishing rapport, outreach model of service delivery, case management and ER crisis assessments, and Financial Counsellors have extensive knowledge in areas such as consumer credit law, debt enforcement practices, the bankruptcy regime, industry hardship policies and government concession frameworks).

Resources also need to be provided to build in evaluation of program delivery rather than just relying upon DEX data. Program delivery models should also be evaluated, what works in an urban setting may not be the same for a traditional, remote indigenous community. Further consideration also needs to be given to the Language, literacy and numeracy needs of clients, if FWC staff were trained in conducting LLN assessments they could better design skill based interventions for their clients.

**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?**

CatholicCare NT already has procedures in place to engage with clients who present numerous times e.g. the client screening process, triage system. Ensuring that appropriate supports are provided for other issues identified and tailoring presentation of program to an individual's need all assist in the prevention of further financial crisis. By utilising ER as an entry point to the FWC program (where appropriate) engagement and building of skills is encouraged rather than just a 'band aid'.

Language literacy and numeracy (LLN) continue to present as a barrier to improved outcomes in rural and remote service delivery, the results of the Australian Government's 2015, 'Closing the Gap' report showed that:

- School attendance rates are as low as 14 per cent in very remote areas of Australia.
- In 2014, 34.9 per cent of Indigenous students in very remote areas met or exceeded the national minimal standard for Year 7 reading.
- Results for non-Indigenous students show less variation by area remoteness, but for Indigenous students, the gap is much wider in very remote areas than it is in metropolitan areas.
- About 70 per cent of Indigenous students achieved the Year 5 national minimum standards in reading and numeracy. The Northern Territory has the lowest proportion of children achieving minimal standards.

In addition to limited LLN skills in rural and remote Northern Territory communities there is a high incidence of undiagnosed Foetal Alcohol Spectrum Disorder (FASD), the estimated rates of FASD are at 0.15 to 4.70 per 1000 births for the Indigenous population. According to the Australian Indigenous Alcohol and other Drugs Knowledge Centre, these figures are likely to underestimate prevalence given the limitations in data collection and lack of recognition for FASD in Australia. One study has found very high rates of FASD in some remote communities with the number of cases diagnosed at 120 per 1000 for children born between 2001 and 2003.

Given this, if a service provider does not have a clear understanding of the clients' skill level and limitations in relation to LLN and FASD, the service would be unable to specifically target interventions that would be beneficial to individual. Without a clear understanding of the client engagement needs, then expectations of the client's capacity remain unrealistic and could continue to perpetuate negative stereotypes of many in the community of long term unemployed. Furthermore it could reinforce any negatives views the individual may have of themselves.

### 3.3 How can DSS better support early intervention and prevention opportunities?

Scope for community education to be included FWC model, this can include broader advocacy to regulators and commercial lenders (*see additional information below*), through to education to the broader community sector in identifying when a client would benefit from a FWC referral, through to education sessions for the broader community, e.g. CALD groups, parenting groups etc.

FWC services could be more broadly promoted showing the difference between FWC services and services such as debt administrators. This includes promotion and education of tools like My Budget at a government level.

#### **Additional Information:**

*DSS should consider advocating for changes to the National Consumer Credit Protection Act given although there have been significant changes over the last decade to the NCCP Act there are still too many loopholes that allow many vulnerable people to be taken advantage of and end up in financial hardship.*

*Changes that could be implemented include:*

- A requirement for better income and risk assessment in regional/rural areas where employment opportunities are scarce. Many clients on community get offered significant car loans from brokers who come into community and promote 'fantastic deals'. Loans can be assessed on a "family incomes" with loan responsibility remaining with the individual rather than family whose incomes were used as the basis for serviceability. This can often lead to casual workers securing loans of 50k+ and when their casual job finishes (as many are contract based) and no other employment opportunities are available; they are left with no reasonable way to pay back these loans. In many circumstances the vehicles purchased are in poor condition, don't have the registration transferred (as there is no facility to do so) and many clients simply don't understand the risks of the contracts they are entering into.*
- Coverage for Novated Leases in the NCCP which is also an ongoing issue for communities.*
- More regulations for payday lenders. Too many low income clients are taking the short term loans without fully understanding the full extent of the charges involved. The payments come from the clients Centrelink payments and have huge interest and starting costs. Often the clients will end up paying back nearly double in interest and fees that exacerbate the financial hardship situation which caused them to get the loan in the first place. In addition, prior to the loan finishing the payday lender often calls and solicits further business.*
- Rental furniture loans need more regulations. Similar to payday lenders, these contracts have huge fees associated with them and frequently clients don't understand the ramifications involved in these contracts; especially if the item is damaged or needs to be returned. Many assume they are purchasing the item which they aren't. Another part is the clarification for 'new' vs 'second hand items'. New businesses are also using door to door sales targeting recipients of Centrelink benefits and in public housing for non essential items. CCNT Staff are also aware of situations where split system air conditioners have been purchased and with installation however there has not been approval from property managers, which has placed the consumer in possible breach of tenancy lease.*
- Stricter lending criteria for credit cards. Although many changes have occurred, the income to debt ratio is still too high. This means clients have a limit greater than needed and invites too much temptation into using it. This impacts on the overall debt amount for the household very quickly. The onus is also still on the creditor for what income verifications are required.*
- More clarification and structure for lenders and brokers around 'responsible lending practices' there is still too much 'wiggle room' to get deals to 'fit' when it may not be suitable for the client.*

#### **4.1 Do ER and CFC/FC workers need to build capacity? If so, how might this is done?**

A longer funding period guarantee so that organisations can offer longer employment contracts to staff. By securing staff organisations can invest in their skill development and practice becomes consistent. A workforce that is adequately resourced allows for the delivery of evidence based practices which are effective and lead to long term resilience.

A possible strategy would be to increase the Diploma to a Degree – Diploma does not do justice to the complexity of work undertaken. Establish scholarships and other incentives which encourage existing FWC staff to start improving their qualifications. Development of FWC accreditation standards may also promote overall capacity.

In particular focused professional development for FWC workers is critical, these roles will increasingly form the backbone of FWC services, and these roles need to be further developed with core competencies of case management and specialist FWC knowledge.

#### **4.2. What 'tools' do you see as integral to the further development of the FWC services in Australia?**

- More structured approaches across the board.
- The implementation of standard and consistent strategies.
- The development of a tool that has the ability to measure outcomes.
- Data analysis.
- Resources developed at a local level and within a cultural context.

#### **5.1 What do you see as the key issues involved in evaluating the FWC Activity?**

- Not having accurate data.
- Inconsistency in service delivery due to environmental challenges in remote locations and different models of service delivery.
- Understanding the transition that is taking place in regards to service design and implementation.
- Identifying clear outcomes and indicators for outcomes.

#### **5.2 What would you like to see as the main focus of the evaluation?**

- Current models of FWC service delivery, what works, where, how and why.
- Measuring impact.
- Measuring change.
- Ideally we would like to capacity building within the sector to promote ongoing evaluation and review by agencies.