

Joint Submission by Bendigo Family and Financial Services Inc and FamilyCare to the Discussion Paper *Future Directions of the Financial Wellbeing and Capability Activity*, the Department of Social Services 2017

Capacity to submit

Bendigo Family and Financial Services Inc. (BFFS) is an incorporated, not for profit organisation that was established in 2006 to help break the cycles of material aid and inter- generational poverty in Bendigo.

BFFS aims to build financial literacy and resilience among those most at risk of financial exclusion and disadvantage by offering financial counselling, generalist counselling, financial case management, financial literacy education, access to NILS (No Interest Loan Scheme), StepUp loans, AddsUp matched savings plan, BFFS No Interest Debt Consolidation loans, DSS funded Emergency Relief ; Philanthropic funding to provide Emergency Relief Medical Support: Emergency Relief School Support; a whole of service Family Violence Support Program including financial counselling at the Bendigo Family Court, as well as programs to address social isolation and marginalization within the community such as BFFS Young Mums Support Program.

What makes this organisation unique is this combination of services and support that are available under one roof. Once a client has come to BFFS Inc. for a particular financial service or product, they are able to access other services or programs we offer that address their financial needs, whether they be crisis, short or long term. Having wrap around support systems in place whilst people tackle their financial issues significantly enhances the likelihood of people succeeding in achieving their goals.

BFFS delivered the Commonwealth Financial Counselling service from 2008 To 2015, and since not securing funding after the tender process of the 2014 Australian Government Department of Social Services (DSS) Financial Counselling, Capability and Resilience- Financial Counselling and Capability grant, has continued to provide a full time financial counselling service and two part time Financial Capability workers despite this lack of funding support as we are so concerned for the welfare of presenting clients. This agency has had 10 years of building community trust and the networks to build the Program upon.

In 2015 BFFS presented a Submission to the Minister of Social Services re the Discussion Paper *Microfinance in Australia* and participated in the subsequent roundtable discussion. Indeed in that submission, BFFS argued that alongside having welfare trained staff delivering all programs, the most effective outcomes achieved for the target population are made possible through access to a complete set of financial services and microfinance products within the one organisation, with strong established external referral pathways to meet the often complex needs of clients. This enables effective and timely wrap around support for clients to achieve their goals.

BFFS welcomes the opportunity to provide a submission to the Discussion Paper *Financial Wellbeing and Capability*, and submits the following recommendations based on our years of experience delivering a comprehensive suite of FWC products and services that aim to build our clients financial resilience and independence, with clients having a leading role in their journey.

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FamilyCare is the main provider of child and family services in the Goulburn Valley and West Hume Region. FamilyCare commenced operations in 1984, has its base in Shepparton, offices in Wallan, Seymour and Cobram, and an outreach presence in Kinglake and Alexandra. The Agency employs around 100 staff and involves 60-70 volunteers.

FamilyCare also provides targeted aged-care and disability support services, particularly for carers, as well as a variety of innovative community development activities. On issues relevant to FamilyCare's clients and when practical to do so, FamilyCare contributes to public policy discussions and debates.

Many of FamilyCare's clients are financially vulnerable, disadvantaged or both and make use of or could benefit from the services described in the Discussion Paper. For a number of years, FamilyCare was a registered No Interest Loan Scheme provider. In 2016, Bendigo Family and Financial Services and FamilyCare commenced a cooperative arrangement for the delivery of NILS. That arrangement now sees BFFS staff offering NILS loans to FamilyCare clients, from FamilyCare offices.

Discussion Topics

1.Strategies to improve the targeting of services

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

We recognise the value of transparent and consistent service eligibility guidelines. They assist service users understand what is available to them and in what circumstances and can help target resources to those most in need. There is however no evidence to suggest current service delivery is poorly targeted or excluding people inappropriately. The fact demand outstrips supply is an argument for expanding, not limiting services. It also invites a more rigorous assessment of what is driving demand than is offered in the Discussion Paper.

In our experience all clients accessing ER and Financial Counselling services are at imminent risk of not paying their debts. The most persistent current reason is the high cost of private rental accommodation, with limited access to public housing. It is not uncommon for the cost of rental to account for 60-70% of clients' income which undermines their ability to cover the cost of other essential needs. Financial stress is also a consistent and persistent theme across most clients accessing general welfare services, with mental health issues and AOD misuse identified as significant drivers of this stress and the need for FWC supports.

If adopted, the proposed eligibility limitations would exclude many people already vulnerable, disadvantaged or both, including people who:

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- receive no Government benefits or are just above the Centrelink threshold
- have irregular employment and may only work for part of the year
- have recently lost employment or been made redundant but received a payout making them ineligible for Centrelink benefits until those finances have been exhausted, or
- have applied for Centrelink benefits and are awaiting an outcome.

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

Strategies that may assist to connect people with the most pressing needs to timely service responses include:

- Collocating FWC programs facilitating prompt intake and referral
- FWC Outreach with appropriate connection and access to other specialist services
- Formal referral pathways from utility/ telecommunications providers for clients in their hardship programs
- Formal referral pathways from private rental agencies for clients experiencing financial hardship
- Location of services that are easy to access using public transport
- Welfare trained staff including front of house to encourage engagement with clients in a way that counters stigma, demonstrates dignity and respect, cultural competence and provides information in a way the client is able to understand
- Ensuring FWC resources are sufficient to meet demand and
- Care Coordination plans that include all stakeholders supporting continuity of client care

As noted in our preceding response, the Discussion Paper does not ask any questions about what is driving need. At the ER end of demand, there is for example no consideration of the role that inadequate benefit incomes play in producing or repeating financial emergencies. There has been compelling evidence for many years, supported across community and business sectors, that Newstart is too low to meet essential expenses. It forces people to live in poverty and works against attempts to deliver sustainable improvements for individual recipients and their families.

In relation to financial counselling and alternative financial services, the Discussion Paper makes no mention of the structural deficits and market failures those service options seek to address. They are more than welfare responses. They address gaps or deficiencies in market-focused economic policy. A more sophisticated analysis of both supply and demand would recognise that broad improvement cannot be delivered by just focusing on the existing service system alone.

2. Strategies to increase service integration

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

The service system the Discussion Paper refers to does not operate in isolation. In Victoria, the State Government funds a variety of similar services, as well as funding the vast majority of general supports, in particular Child and Family Services and Family Violence Services.

Within these services, there is a significant disconnect between the social policy approaches of the Commonwealth and the States and Territories. At a Commonwealth level the approach to welfare reform is increasingly focused on compliance measures and penalties for non-compliance. In Victoria the service system attempts to be person centred, building on strengths and capacity. The differences in policy approach increasingly mean that service systems are working at cross purposes.

Community-based services are increasingly required to help people navigate the confusion between approaches and ameliorate unintended poor outcomes. It would be much more efficient if the inconsistencies were addressed and our preference would be toward strength-based services, encouraging and rewarding effort, rather than deficit-based services penalising non-compliance.

In terms of improving coordination of the existing service system, practical activities could include:

- Regular community network meetings with other services to discuss referral procedures and identify people who may be falling through the cracks, with additional funding for wages for network coordination
- Shared understanding of positive client outcomes and engagement
- Care Coordination plans that bring all stakeholders together working towards client driven goals.

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 maximize their effectiveness?

There are benefits for both service providers and users associated with improving relationships between organisations. The benefits include clarifying eligibility and improving consistency, building wrap around supports and identifying clients who are falling through the gaps. There are many ways to build relationships and enhance cooperation. For example, developing a Memorandum of Understanding between organisations can assist in clarifying working relationships and maximising positive client outcomes. We have used this approach to great effect in the cooperative activities

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between Bendigo Family and Financial Services and FamilyCare. The key ingredients in achieving better outcomes are shared values and trust.

We are less convinced that requiring formal relationships will lead to positive benefits. Agencies that choose to cooperate have more invested in building their relationship than conscripts.

We also note the current Human Services Inquiry being conducted by the Productivity Commission. That Inquiry is investigating requirements for additional contestability or competition in the delivery of Human Services. It is underpinned by a philosophical commitment to the belief that competition delivers better outcomes. It is unclear how that thinking would be reconciled with a requirement to collaborate.

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?

Table 1 in the Discussion Paper suggests that Financial Counselling and Capability/ Emergency and Food Relief/ and Microfinance (Financial Resilience) are all settled terms and naturally part of the same continuum. In relation to the groupings, the only category that has existed for a considerable period of time, is well understood and not contentious, is Emergency and Food Relief.

Linking Financial Counselling with Capability is relatively recent. It appears to focus on the individual, rather than the structural causes of financial difficulty and exclusion. We agree individual attitudes to finances and capacity to manage are critical but other factors that create, exacerbate or elongate crisis are probably more important and largely absent. Microfinance is generally understood and recognised across the sector but the link to Resilience is again recent and not without criticism. Similar to the linking of Financial Counselling and Capability, Resilience focuses on the individual and misses the point that Microfinance, including No Interest Loans and other safe, fair alternatives are attempts to respond to structural exclusion and unfairness.

Returning to the question of each of the three activities as being part of the same continuum, whilst linked, they have critical differences. From an operational perspective, people who need emergency relief are unlikely to be able to work on other improvements until their emergency needs are met and have stabilised. In a design sense it is a welfare response. Financial Counselling and Microfinance have broader relevance. As already noted they incorporate structural responses.

Moving too soon to integration and collaboration, especially a requirement to formalise relationships, puts at risk the best of service evolution to date. It should also be informed by a practice evidence base that is rich and varied and entirely absent from the Discussion Paper.

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2.4 What elements would need to be present to ensure a hub model is successful in your community?

There is already a hub operating in our region. The hub was established in 2016 and is operated by Vincent Care. It is worth noting that additional financial counselling and capability resources were provided in Shepparton when the Commonwealth selected the LGA as a Place Based Income Management Trial Site. Those additional resources, albeit at a significantly reduced amount, were incorporated in the funding for the hub.

We make no criticism of our colleagues at Vincent Care but believe the hub operates more as an additional service option rather than a central coordination point for activities of this type across the region.

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

Our previous response suggests more work is required on the hub model to ensure it delivers the outcomes intended in design. We acknowledge however there are particular opportunities for enhancement in regional areas, including for example:

- Initial Microfinance interviews able to be conducted by phone but still within region
- Outreach capability to more remote areas, especially those not serviced by public transport
- Shared Care Coordination plans that can save service users and other providers additional time and inconvenience particularly related to travel.
- A virtual Hub would provide the most realistic and effective model in rural remote regions

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

It is understandable that the Discussion Paper focuses on the Australian Government's contribution to services. In doing so, however, there is a risk of misunderstanding the importance of contributions from other sources. Redesigning without taking account of the interaction and in some cases inter-dependence of funding and service platforms, may result in unintended problems. In some instances it could put existing funding streams at risk. We have already noted the contribution of the Victorian Government in supporting the services we provide. There are other significant non-government contributions, for example the National Australia Bank's investment of lending capital for the No Interest Loan Scheme and a wide variety of small business and private donors that support and enhance our regional activities.

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There is an opportunity for the Discussion Paper to seed a broader conversation about how best to build the financial wellbeing of vulnerable and disadvantaged people and what the measures of progress might be. The foundation for that conversation requires a more detailed analysis, including a review of data available nationally and not just from Australian Government funded services.

Notwithstanding those reservations, we agree there is real value in access to multi-disciplinary service capacity. Bendigo Family and Financial Services provides a full range of activities considered in the Discussion Paper and we believe that makes access easier for clients and increases the opportunity for delivering effective outcomes, targeted to need. Clients may present requiring emergency relief. Providing relief can assist their situation to stabilise, which might make financial counselling a viable service option. In turn financial counselling may address barriers that will make sustaining Microfinance products viable.

The relationship between a specialist financial support provider and a much broader platform of welfare services, such as that provided by FamilyCare is still in early stages of development but shows great promise.

3. Strategies to Support Client Outcomes

3.1 What strategies can you utilise to support a client to improve their financial situation/employment outcomes

Our previous responses have dealt with future planning issues. This response will focus more on what works best now and should in our view be retained in whatever next steps are pursued.

- There are significant benefits in making links between services simple to navigate. For Bendigo Family and Financial Services having all FWC programs including microfinance available within the same organisation is a great strength.
- A priority must be placed on building trust and rapport with clients. The benefit is that if something goes wrong or if the client needs extra assistance, they tend to come in to talk about their issues and engage in discussions around budgeting measures in order to get finances back on track.
- BFFS offers a No Interest Debt Consolidation Loan program. We believe this option is a stand out measure to enhance client success on the road to financial independence. Clearing debts, improving the client's credit report, combined with financial education, gives the client an opportunity for a fresh start. In the longer term it can facilitate access to financial products otherwise denied, such as housing rental, StepUP loans, utility connections, phone or internet contracts. This provides a solid foundation for client engagement with employment or participation pathways.

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The conversation about supporting employment or other participation outcomes is a useful one to have. It is well established that employment provides insulation from financial crises and a pathway out of disadvantage. We do not however support this being considered as an outcome measure for the services in the Discussion Paper, or mandating contact with particular employment providers. The primary driver for seeking assistance is financial difficulty and any sense of conditionality decreases the likelihood that people will seek support or undermine establishing an effective relationship between service user and provider.

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?

Clients seeking Emergency Relief are in our experience in crisis. Creating unnecessary barriers to support is not only unhelpful, it is potentially dangerous. That said, multiple or regular requests for emergency support can indicate other issues, including structural barriers that keep people in or near crisis all of the time, or in some instances dependence on relief rather than movement to longer term solutions.

We are aware of the need to take greater care in response to repeated emergency assistance requests. More detailed investigations can include:

- Analysis of income and expenditure by reviewing primary materials like bank statements rather than relying on self-reports Provide advocacy to address systemic problems or to set up payment plans with creditors;
- Assistance to use other useful tools, for example Centrepay, including education to understand the consequences of cancelling payments; and
- Where appropriate, offering case management, rather than agreeing to further episodic emergency relief alone.

3.3 How can DSS better support early intervention and prevention opportunities

We strongly support the willingness to explore early intervention and prevention opportunities. It is hard to reconcile that commitment to other references in the Discussion Paper that suggest limiting service access and eligibility.

There are many gaps, where early intervention and prevention could be pursued to good effect, including:

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- Year 9 to Year 12 school students may be entering into part-time employment, with no understanding of credit, debt or savings. FWC outreach to early tertiary education and in particular the trade apprentice system can be extremely useful but in our experience, is rare.
- Funding to secure and maintain internet access for client base. Connecting people to essential services, education and employment pathways increasingly relies on internet access, particularly in rural and regional areas. For many of our clients access remains unaffordable. Computer literacy training for benefit recipients as an extension of the Broadband for Seniors Program.
- Support funding within the FWC portfolio to keep vulnerable children and youth engaged with school. BFFS supports families through financial counselling, case management across programs, ER with school staples, NILS for items such as computers, school uniforms and books and StepUP with furniture for study spaces.

4. Strategies to build a strong workforce

4.1 Do ER and CFC/FC workers need to build capacity?

We strongly believe that entry level qualifications across the services referred to in the Discussion Paper should reflect and support professional practice.

- We consider it crucial to increasing the capacity of FWC workers and effectiveness of delivery to have welfare trained staff administer all services. ER and microfinance programs are often staffed by volunteers without welfare training. Volunteers can provide invaluable support but generally lack the skills needed to build respectful relationships with clients, recognise and address complex issues sensitively, provide appropriate referral pathways, or understand the range of barriers vulnerable clients face to successful outcomes.
- Apart from questions of service quality welfare trained workers tend to be more efficient. For example, interviews can take less time to access accurate and useful client information, strengthening client engagement throughout the process.
- A significant proportion of our clients have low numeracy and literacy skills. Welfare trained staff can recognise this issue quickly. Engagement will be framed accordingly, with the interviewer careful not to embarrass, judge or offend. Information can be delivered in a way that matches client capability supporting informed choices.
- All ER service staff must have appropriate financial literacy training and skills, including the ability to conduct conversations about Income and Expenditure and assist clients to prepare a basic budget.
- Case management models support sustainable client outcomes with support offered over the long term rather than a focus on crisis management.
- Increasing the outreach capacity of services to provide strategic interventions at points of particular vulnerability and specialist needs. For example, a BFFS financial counsellor works alongside Community lawyers at the Bendigo Family Court.

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

- We strongly believe maintaining face to face client contact as the primary delivering method for FWC services essential. Telephone and web-based contact are useful adjuncts but inadequate proxies for direct communications in most instances. Face to face delivery greatly enhances engagement, builds trust and rapport, developing a relationship so that clients feel comfortable in engaging fully with the process. An established relationship increases the chances that people will act consistent with their financial goals and will seek further support if they hit a financial or personal hurdle. Progress is rarely linear for this client group and the quality of the engagement is the best insurance that hard fought improvements can be sustained.
- Face to face contact is protective against clients agreeing to financial options that are out of their ability to achieve
- Because so many of the barriers remain structural it is important that we build and maintain advocacy skills across the sector.

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

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

There have already been a number of significant evaluations considering several of the service activities referred to in the Discussion Paper. In particular Financial Counselling and the No Interest Loan Scheme have both been involved in rigorous reviews of design and value. The Discussion Paper makes no mention of this body of evidence, nor does it provide much detail about current operations, either funded by the Commonwealth or more broadly. In our view it is important to fully utilise the best of the information that already exists in designing a more formal evaluation framework.

Based on our experience, there are a number of ways in which current data collection, review and outcome measurement could be improved, including:

- Capacity within data collection to identify and record unmet need (no capacity currently exists in the DSS data exchange)
- Exploration of methods to maintain contact with clients to measure medium and long term outcomes
- Mechanisms to compare outcomes based on varied service design or capacity, without a predetermined preference
- Better recognition of the structural challenges of living in rural, regional and remote areas for both service users and providers.

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- Identification of Programs that support the community, reflected in community involvement and presence within services.

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

We would prefer to see a more comprehensive analysis of existing service delivery data to inform the development of an improved evaluation framework.

Some other starting principles that would assist include:

- Greater respect for and understanding of qualitative evaluation methods including Case Studies, as tools for understanding impact and designing effective service delivery
- An analysis of the relative benefits of short term Crisis support versus case management/long term support in delivering positive and sustainable client outcomes
- A participatory process to develop a sector wide Program Logic framework, recognising realistic outcomes that can be achieved, based on scope and duration. For example:
 - short (learnings, skills),
 - medium(changes in behaviour),
 - long term (strengthened wellbeing in key life domains- employment, health, community connection).
- Evidence to determine relative effectiveness of methods of client contact eg phone services versus face to face contact to support and sustain positive client outcomes.
- Include both Process Evaluation (how services are delivered) and Outcomes Evaluation to determine effectiveness of FWC interventions on improved functioning in key life domains.
- Evidence to demonstrate that program delivery caters for the needs of different client groups eg clients with low literacy skills, or the way programs are delivered to clients experiencing domestic/family violence. Services must tailor their delivery to each client, there is not one size that fits all.