**Preamble**

The Blue Mountains NILS Network comprises four NILS providers in the Blue Mountains – Blackheath Area Neighbourhood Centre, Mid Mountains Neighbourhood Centre, Winmalee Neighbourhood Centre, and the Lower Mountains Neighbourhood Centre.

While individually small organisations, we offer client centred wrap around services (eg emergency relief, food relief, financial capability information / referral / counselling, advocacy, vocational training) and closely collaborate with each other and relevant services, and in fact embody the principles of innovation and integration as outlined in the discussion paper, at a local level in an area that presents access challenges due to its geographic factors. We have each been delivering No Interest Loans for over 20 years, and the benefits of integrated services for disadvantaged people with complex needs are obvious in our area which has developed high community resilience.

We encourage the Department of Social Services (DSS) in considering policy options, to factor in the need for different models of service provision in different scenarios and locations, so that flexibility for access to services is effective.

While the discussion paper states that the proposed direction of Financial Wellbeing and Capability (FWC) is not to reduce funding levels, we are concerned that Good Shepherd Microfinance “Impact and Reach” proposals for NILS funding threatens not only to reduce the funding levels in our region, but to take apart the integrated services we have developed over decades. We urge DSS to consider very carefully the implications of the Good Shepherd Microfinance proposals which in parts of Australia would be counterproductive to the aims of FWC.

**Q1.1 What impacts do you expect restricting eligibility criteria in the manner proposed will have on your service?**

While generalist services like Neighbourhood Centres are generally not funded for Financial Counselling and Capability nor Emergency and Food Relief, these wrap around services are provided via organisations with No Interest Loan and similar services and via partnerships and collaborations, and provide a vital role in filling gaps in services with flexible responses that address the accessibility issues in each area.

Unfortunately, in NSW many generalist services face funding reforms that will effectively reduce the scope of organisations to provide such wrap around services for people who are not identified as priorities (eg the NSW FACS TEI priorities focus on parents with small children – there are other disadvantaged people across the lifespan) as they have done in the past. We encourage DSS to take this impact into consideration, as there seems to be no national understanding of the combined effects of all these funding reforms.

Disadvantaged people in our area have in recent years been impacted on by the effects of the Commonwealth redirecting Financial Counselling funding from integrated local organisations to a large charity which by its own admission has issues with contactability in our area. We encourage DSS to hold authentic regional consultations with a greater range of stakeholders when considering any such proposals.

We would be most concerned if criteria for No Interest Loans were restricted in a way that excluded the ‘working poor’. This would be counteractive to the stated aims of the FWC paper.

**Q1.2 What strategies can be employed to ensure that services are accessible for those who need them the most?**

Have a range of funding scenarios that allow for services to operate differently in each region, to allow for flexible services that can address access issues for local people. For example, with NILS, while some regions may benefit from splitting customer support from loans management (as proposed by Good Shepherd Microfinance), in the Blue Mountains that model would defund the small wrap around services that currently are operating very effectively.

We encourage DSS to take into consideration that:

* One size does not fit all as far as accessible services are concerned. Large organisations which purport to offer outreach services in isolated regions are often most ineffective.
* Larger services are not necessarily more efficient than smaller local services which are connected to and engaged with the most disadvantaged in their community as well as supportive networks.

**Q2.1 What would help you to strengthen cooperation with other services in your community? What additional support would you need?**

We already have very strong cooperation generally in our area, with the exception of some large charities that do not partner well at all. Cooperation from such organisations is not likely to improve without pressure from funding bodies to dramatically change their culture of partnerships. The requirement of formal contractual arrangements in itself would not be effective in this matter.

**Q2.2What effect will the requirement to formalise relationships with other organisations have on your service?**

We already have similar formalised relationships with partner organisations in our region, so in principle there should be little difference, and we agree with the proposal that FWC providers need to be required to establish relationships and referral pathways with relevant services. What these stakeholder partnerships would look like varies greatly from region to region, so it would not work to be too prescriptive in national contractual requirements.

**Q2.3 Where is integration/ collaboration of FWC microfinance services with other FWC services occurring across the country? How could these relationships be better supported?**

This occurs best at community hubs which provide wrap-around services, with trained staff integrated into networks with relevant stakeholders and services. Unfortunately, with NILS, the Good Shepherd Microfinance proposes to disintegrate such wrap around services by splitting funding for customer support and loan management services within NILS. The existing relationships could be better supported by rejecting the current “Impact and Reach” Good Shepherd proposals, and questioning the role they purport to have in a proposed process which threatens to destroy wellbeing and capability social capital which has built up over decades.

**Q2.4 What elements would need to be present to ensure a hub model is successful in your community?**

Our immediate concern is that our financial wellbeing and capability hub which currently is successful in our community, is likely to be defunded under the current Good Shepherd Microfinance “Impact and Reach” proposals. The element needed at present is continued funding. We need wrap around services to continue rather than application of a NILS loan volume driven model which in our area would be counterproductive to the hub model.

**Q2.5 What elements and innovative practices would be particularly key in establishing a hub model in rural and or remote service delivery context?**

**Q2.6 How could Australian Government funding be used differently to better support integration of FWC services?**

We encourage DSS to not apply a one size fits all approach nationally, as especially in areas that are impacted on by geographic factors (eg Blue Mountains which is not consider rural or metropolitan and is therefore disadvantaged in infrastructure). Diverse strategies need to be applied, and in areas like the Blue Mountains it needs to be recognised and supported that best innovative practices are already in place.

**3.1 What strategies can you utilize to support a client to improve their financial and/ or employment outcomes?**

Information and referrals to appropriate local financial and / or employment options.

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

DSS could fund the focus of NILS to include spending more time with clients, having follow up conversations after budgeting sessions, working with them to resolve issues and explore opportunities, to encourage sustained behaviour change.

We already work with suitable clients towards employment outcomes, via partnerships for vocational training, providing loans for small business seeding, etc.

DSS could acknowledge that clients who use services chronically are the ones who typically have a lack of opportunities that are effective for them. Unfortunately, many generalist services like Neighbourhood Centres in NSW which currently provide accessible early intervention services that cater for such people to prevent them needing crisis services, are under threat of funding reforms that will limit their scope to only families with children. DSS could identify and address the impending gap in services that is likely to result.

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

Upskilling NILS workers to become Financial Capability Workers where appropriate. It is also vitally important to provide training to services that provide ER for best practice. Allowing a holistic approach where the client’s situations are taken into context of their circumstances and ‘bring in’ all services that will support the client until they are capable of self-reliance.

Sincerely

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On behalf of Blue Mountains NILS Network

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