



DSS Financial Wellbeing and Capability Activity: Discussion Paper 2017 (D17/528)

Response by Lutheran Community Care

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Lutheran Community Care (LCC) delivers financial wellbeing and capability services in metropolitan, regional and remote areas across South Australia and the Northern Territory. We deliver services both as a sole agency and in partnership with other providers in Consortium arrangements – both as a lead agency in metropolitan SA, and as a service delivery partner in regional SA.

Our services cover the fields of emergency relief, financial counselling and financial literacy. We maintain networks and partnerships with key microfinance agencies, including having our financial counselling service co-located with the headquarters of Good Shepherd Microfinance in SA.

1. Strategies to improve the targeting of services (pp.7-8)

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

Restriction of services relating to debt status

The factors leading to demand of emergency relief are not often the same as the factors leading to demand of financial counselling services. People seek emergency relief for numerous reasons, many of which are not related to debt. However, debt is often a primary trigger for referral (including self-referral) to financial counselling services.

Eligibility for emergency relief should involve response to crisis. Crisis may be caused by a sudden and unexpected life change (death of a key support person, accident, job loss, etc), homelessness or transience, experience of domestic violence and efforts to leave violent environments, or a range of other incidents and transitional factors. Crisis, manifested as an inability to procure sufficient basic needs, may be a regular occurrence for people with very limited means or skills to maintain self-sufficiency.

Emergency relief is often the first access point for clients to seek help, acting as a gateway to support in addressing more complex and damaging issues. Restricting access to the often vital first step carries the risk of reducing access to assistance in relation to more personally harmful and socially costly problems.

Restriction relating to receipt of Australian Government income support

A growing (but still minor) proportion of financial counselling clients are people with incomes independent of Commonwealth income support. Several factors are influencing this trend, including: mental illness, gambling addictions, two-income households with high debt experiencing a job loss, etc. Removing financial counselling services for people with mental illness or addictions is likely to reduce preventative and harm minimisation opportunities for these cohorts, and to exacerbate problems that are based on existing behaviours. Clients with high combined asset, income and debt levels are relatively rare; restricting

this cohort from services is not likely to result in substantially improved access for other cohorts and could facilitate the onset of crisis for these households.

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

Insufficient resourcing in relation to demand is a substantial and rapidly growing issue for financial counselling service accessibility.

A flexible method of approach can enable accessibility of services to a broader range of cohorts. Services which appear formal, rigid and conditional can be intimidating for people with complex and multidimensional problems, to the extent that some people will stop actively seeking services as a result: 'families experiencing the most vulnerabilities are the ones least likely to access and engage with services' (Moore 2006, p.34). This is due to clients' practical barriers caused by co-occurring problems, inadequate communication skills in professional contexts, lack of confidence in formal settings and sensitivity around how services are delivered which leads to mistrust and misperception. Aboriginal communities are particularly sensitive to mainstream service environments in these regards. The ability to present services in non-threatening ways and to communicate using language and processes that are comfortable to the cohorts using the services will notably influence accessibility.

Holistic service provision in emergency relief settings is challenged by the often brief and transient nature of sessional work and the narrow focus of many clients on the most immediate and pressing personal goals. Building familiarity and relationship over several sessions can be the only way to establish a holistic approach in some cases.

Proliferation of forms, documentation and record keeping can constitute a barrier for clients. Keeping paperwork at a minimum enhances accessibility of service to cohorts who have the lowest literacy levels and the least confidence in formal settings.

2. Strategies to increase service integration (pp.9-12)

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?

Lutheran Community Care actively seeks to work cooperatively and collaboratively with other services, but questions the premise that ER services in particular should have a requirement to link more directly with job network providers. Referrals to family support services are seen as important where appropriate as they help deal with relationship and personal issues. Referral to job network providers is a significant shift in the role and purpose of ER and we are not convinced that this would be a successful intervention at the point of seeking ER. It may be more helpful where the client contact is more intensive e.g. in the financial literacy and financial counselling arenas and where paid professional staff engage with clients.

In many of our service delivery points, the provision of ER is provided by capable, trained volunteer workers. However a requirement for them to be familiar with all of the protocols and complexity of linking clients with an increased range of support services may well be beyond their current capacity or willingness to continue in their volunteer roles. Additional support in terms of funding for paid ER workers to provide an increasingly complex and demanding role would be required. Funding to cover salary costs are not currently a typical or standard part of Commonwealth funded ER services, although many benefits accrue from paid case management workers, including professional links with other services. Sector wide training and support would also be required to accommodate such a huge shift in service provision, but even this may not prevent the attrition of a valued volunteer workforce.

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?

The relationship between clients and workers is of central importance in successful service work. This has been demonstrated in research spanning diverse fields including psychology, social work and service design. LCC has undertaken internal research which highlights this relationship as the primary factor influencing successful outcomes.

Effective cooperation between services to achieve successful outcomes for clients will involve ensuring that networks and partnerships are developed between effective workers who can collectively engage with clients and address complex and enduring needs. If competent workers can connect between agencies in this manner, the impact on clients will be positive and in many cases will lead to results that a single agency in isolation could not achieve. Cooperating with ineffective services where workers are not able to address client needs will be counter-productive for clients and the sector.

Time is required to commence and maintain relationships between agencies, identify effective teams and workers across agencies, and forge partnerships between teams and individual workers. Establishing service maps to address identified client needs will consume significant internal resources. A commitment to fund targeted, strategic networking and partnership development across agencies and services is likely to pay off in terms of positive outcomes in response to multidimensional needs which require collective skill, knowledge and effort.

The requirement to formalise relationships with other organisations is likely to be beneficial for agencies and clients provided the activity is appropriately resourced and the organisations involved demonstrate competency in achieving their functions. In LCC's experience in SA, Consortium approaches can be highly beneficial in formalising regional partnerships, encouraging the sharing of resources and expertise, and providing beneficial cost-effective services to large cohorts of service users.

Mutual capacity for inter-agency collaboration can be challenged by competitive procurement environments and staff transience; both of these factors are directly influenced by the length of service contracts and the frequency of procurement processes. Consortium approaches can effectively remove

competitive elements between agencies, or at the very least can strengthen relationships and soften the impact of competitive processes.

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?

No response

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?

LCC has developed sustainable service hubs in metropolitan, regional and remote locations across SA and NT. For LCC, successful hub models are contingent upon:

- Availability of funding for diverse service types, and organisational adaptability to new funding opportunities in accord with local needs
- Capacity to effectively engage local communities and network with regional services and stakeholders
- Organisational capacity to recruit, support and retain competent and loyal staff
- A service culture characterised by a holistic, place-based, client-centred and strength-based approach
- An organisational culture that prioritises safety, transparency and continuous improvement

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?

In LCC's experience the hub and outreach model is effective and well-received in rural and remote settings where communities often experience pronounced service gaps.

In the central Australian context there are specific elements which need to be factored in - many of these would apply to other regional and remote locations. The general cost of living and the time and cost involved in travelling to service outlets for essential services (such as health services) have a strong impact on remote communities. More hubs located at key points across central Australia would enable a stronger and more equitable service to the many communities living in this large region.

Referrals are very important for client wrap-around support. Strong inter-agency relationships are vital. Establishing formal relationships can be time-consuming and difficult to steer when agency staff are separated by long distances. Community gatekeepers such as local shires in remote communities and previously established agencies can influence access to services for clients as well as the range and level of possible services. Goodwill is essential for collective efforts, but competition for clients is common in what is effectively a limited market.

Mobility of client populations as well as mobility and transience in agency staff impact on the continuity of services in rural and remote regions. Among Aboriginal communities, language diversity and specific cultural norms divergent from mainstream assumptions create complexity for direct service provision, referral and reporting processes.

In developing remote service hubs, LCC has responded to these complexities by building local and Aboriginal employment and by persisting with inter-agency relationship development wherever achievable. Further development would be made possible by provision for further additional hub outlets within a regional network and by enabling flexibility to acculturate services more closely in line with the traditional and historical practices of remote communities. Local services can develop detailed knowledge of the unique ways in which remote communities interpret, respond to and frequently subvert the mainstream

strategies of government agencies. The relationships formed between workers and communities constitute a substantial knowledge bank that could inform regional policy and practice innovations.

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

As mentioned above, improved resourcing of strategic inter-agency networking will enable greater effective integration of regional services to address community and individual needs holistically.

Continuing to develop the partnership approach between DSS and contracted non-government agencies (for instance by working towards longer Agreement periods, strategic data sharing and mutual participation in research and improvement activities) will improve staff retention, inter-agency relations and organisational capacity. All of these factors support improved integration of services.

3. Strategies to support client outcomes (pp.13-16)

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

Provision of multiple allied services and a workplace culture that empowers active referral and collaboration between teams and workers are basic internal strategies for addressing the complexities of client financial and employment barriers.

The specific application of strategies to achieve outcomes for clients depends on the position of clients on a spectrum of hardship and poverty ranging from recent onset of situational poverty through to sustained intergenerational poverty. Research into poverty indicates several contributing factors (Loewen 2009, p.7; Payne et al 2010, p.212):

- Individual behaviours and deficiencies
- Incidents and circumstances
- Macrosocial, cultural and structural factors
- Exploitation
- Development of a culture of poverty

To understand the process of transition out of poverty, it is necessary to identify the sequences involved in processes that lead people into poverty of varying stages, via the causal domains listed above. LCC is presently engaged in research to identify the sequences involved, with a subsequent aim to trial methods of assessing the status of clients and implementing methods that are suitable to the assessment. This approach is based on dynamic assessment and cognitive modifiability perspectives within the field of cognitive and developmental psychology, which suggest that people have a certain degree of capacity to develop across cognitive domains in the short to medium term, when exposed to learning experiences that are supported by an appropriately skilled and equipped mediator. Numerous current approaches to education and development employ these perspectives (see for example: Feuerstein et al 2003).

From this outlook it is suggested that a person's position on a spectrum of poverty will predict which outcomes will be in the achievable range in the short or medium term. This model could also predict the sequence of outcomes necessary to achieve a transition out of poverty into financial self-sufficiency and prosperity. A stage of action research is planned to seek validation of these suggestions and to define a framework of assessment and intervention covering the process of transition out of poverty from a range of initial starting points.

Linkage of clients to employment services appears practically unfeasible in the great majority of emergency relief sessions. In practice it is much more frequent for JobActive Providers to refer their clients to emergency relief services to assist with basic needs and gateway access to more involved support services.

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?

Provision of referrals for allied services (internal and external to the agency) are given as a matter of course to new and repeat clients. Referrals are a major component of LCC's service delivery, leading to improved outcomes for thousands of clients and families each year.

Support and encouragement can play an important role in achieving effective referrals which might otherwise not be accepted by clients. A persistent challenge in service work generally is the identification by workers of latent needs which clients do not perceive, acknowledge, or consider a priority for their

engagement with services (Morelli 2002, p.5). Achieving common ground between client and worker perspectives can reduce the distance between explicit and latent demands of the client.

For some clients, their areas of latent demand may remain consistently unreachable. 'Calling the bluff' by withholding material support will not be universally successful by any means.

The success of referral processes has to be considered against the likelihood that some emergency relief clients may be inclined to accept referrals in the belief that this will increase chances to obtain material assistance in the immediate term – which would be the purpose of accessing services in the first place. In some cases the level of commitment by clients to financial counselling and other services referred through emergency relief can be negligible. Emergency relief providers have virtually no capacity to follow up on the efficacy of external referrals for individual clients, under current funding models.

To date no requirement has been placed by LCC on clients to engage with additional services, on the basis that introducing compulsion into the service relationship compromises the dynamics that make a hub service feasible and sustainable. Annual service limitations for emergency relief have been implemented to mitigate the risk of unhelpful over-servicing of clients.

In LCC's experience, creation of sustainable hubs involves the provision of a safe client-centred space that builds a regional reputation among individuals, communities and service networks. It is evident from our experience in several regions that enabling client choice is pivotal in maintaining relationships with the most vulnerable members of communities. It is acknowledged that gentle challenging of resistance can be instrumental to positive change in cases of enduring hardship. This needs to be very carefully weighed against the risk of losing engagement with vulnerable clients, which creates potential for prolonged and exacerbated harm.

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

The field of financial literacy and financial capability is presently highly dynamic, with a large volume of behavioural research and metrical analysis under way in Australia and internationally. This is in response to growing complexity of debt and financial hardship, alongside increasing challenges for people of all backgrounds to maintain stable finances and employment.

Strategies for early intervention and prevention of debt and hardship should consider mainstream educational channels in addition to a broad range of specialised and targeted avenues. Appropriate training agencies exist at both ends of this market. Suitable educational resources are being developed actively by ASIC and other stakeholders.

A commitment to prevention through education and a national implementation strategy that is flexible to local conditions will optimise opportunities in this space and achieve positive longitudinal returns on investment. A sustained education strategy at a national scale is probably the only way of reversing the trend of increased demand for financial counselling services in Australia in future years.

Emergency relief services are drawn upon to support people who have had access to income support removed after missing appointments with their jobactive provider. Missing appointments with jobactive providers can occur as a result of ongoing crisis in the lives of clients. Cutting income support at times of crisis can directly exacerbate personal vulnerability and harm. Requiring employment results from people in crisis is demonstrably counter-preventive when the crisis is not assessed or understood. Understanding the capacity for change and growth in people experiencing crisis would establish a different perspective on when and how employment assistance can serve a useful individual and social function. Having the means to assess when a person is in crisis and to understand what this implies would enable more effective decision-making on the supply of income support, potentially achieving a more just balance between public cost-saving and private harm minimisation.

4. Strategies to build a strong workforce (pp.17-18)

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

Capacity building is essential to quality and consistency in FWC funded activities.

Financial counsellors and Financial Literacy workers actively build capacity via existing professional development requirements through their state peak bodies.

ER workers and volunteers require a basic set of skills and training to address the diversity of needs and issues encountered in their work. Basic and Advanced ER training can achieve this. Direct face-to-face training is optimal but where this is not feasible, the content of training is suitable to be expressed via remote (video and online) media.

Enabling the training of more emergency relief workers and volunteers as budget skills workers could provide a bridge from crisis response to financial literacy and financial counselling. This approach would be more direct than attempting referrals to other workers.

Maintaining or increasing funding for skilled casework in emergency relief can play a substantial early intervention function in cases where complexity of need is emergent in clients.

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

The financial counselling sector in Australia is actively involved in maintaining professional standards and development of its members. The range of training available to financial counsellors is diversifying in response to the increased range of issues, and combinations of issues, that are encountered in clients.

A similar approach to professional development and consistency of standards is not evident in the emergency relief sector. Due to the low emphasis placed on resourcing of operational support or staffing for emergency relief services, few individual agencies have the capacity to develop adequate ER training and development resources (in this regard, LCC is the primary provider of such resources to the ER sector in SA and NT, although the absence of Commonwealth support for sector capacity building has reduced the provision of training and sector development in recent years).

A national approach to the training of ER providers and to ER sector development, with the aim of consistency to national standards of service delivery, would provide a very important developmental function to the sector. Baselines for quality and service scope would be of benefit for clients, agencies and funding bodies alike.

5. Strategies to strengthen evidence, improve practice and measure outcomes (p.19)

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

Evaluation of the FWC Activity should take note of the process of change that occurs over time for clients. In a field where innovation is sought to resolve complex problems that are historical in nature, there should be consideration of dynamic evaluation methods to obtain data on the process elements involved in the apparently static outcomes that are defined in relation to service cases.

Separate methods of evaluation would apply to emergency relief, financial counselling and financial literacy settings. Emergency relief is commonly episodic with unpredictable patterns of access by most clients. Financial counselling can often evolve into a course-based service where clients access services predictably and frequently over a period of time to address problems. Financial literacy and money work can be highly structured and scheduled, or can be less formal and more episodic in nature.

The patterns of service access across program areas are diverse and this will influence the optimal methods of assessing clients' initial status, capability for change, and progress towards material safety and self-sufficiency.

The nature and expectation of service provision also varies. Emergency relief in its simplest form pursues virtually no developmental goals other than relationship building. More advanced emergency relief methods and referral practices begin to approach the strategies of financial counselling and case management. Financial literacy and financial counselling have similar subject matter, but financial counselling is becoming harder to distinguish from crisis response services as financial systems become more complex and as co-morbid issues (eg addiction, family violence and mental illness) become more commonplace. Financial literacy is being increasingly recognised for its early intervention potential.

Dynamic evaluation needs to be designed to take into account not only the diversity in patterns of service access, nature of service provision and expectations of clients, but also the journey of individual clients and the conditions leading to their present status. In this regard, financial wellbeing and capability services can be seen to be becoming increasingly similar to complex case planning methodologies.

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

The main focus of FWC evaluation would ideally be an emphasis on process, which would require a guiding model explaining the theory of change across the various stages of poverty and hardship encountered in clients of the FWC Activity. LCC is presently engaged in developing a theory of change that will inform our practical work and process-oriented evaluation methods, which could contribute to a national approach to addressing complex poverty and multidimensional need in client work.

Presently, the emergent themes from LCC's research in this field are:

- 1) The need for a dynamic method of client assessment, in relation to individual status on a spectrum representing the conditions of poverty, where consideration is given to the process involved in reaching that status
- 2) The need to plan and deliver services in relation to proximal needs and proximal developmental capabilities of clients in the short- to medium-term, potentially with a sequential longer-term plan in the background
- 3) The need for a service-oriented business planning model that considers the resourcing required to optimise worker engagement with clients in an affective-cognitive developmental context
- 4) The need for dynamic, process-oriented methods of monitoring, review and evaluation of service performance and client outcomes

Within LCC a current opportunity exists to apply these ideas in direct service work with experienced practitioners who have been grappling with the same questions around how to assess complex client issues, how to determine and sequence appropriate interventions, the balance between relieving and enabling responses, and how to adequately measure the process elements of the work.

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