

# Financial Counsellors' Association of NSW Inc (FCAN) Response to Financial Wellbeing and Capability Activity Discussion Paper D17/528 March 2017

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

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

Proposing that FWC services 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 would impact those who may need these services the most including (but not limited to) those who:

- are underemployed;
- are financially excluded;
- have ceased to engage with the social welfare system or had payments suspended;
- do not wish to be identified under the proposed criteria;
- would benefit from early intervention;
- have issues relating to responsible lending matters;
- are experiencing financial hardship that may not necessarily be caused by debt related issues;
- are on WorkCover;
- are retired but not receiving a pension or benefit;
- do not have access to employment opportunities so remain on low incomes and need ongoing assistance;
- are employed or self-employed and have unmanageable debts due to changes in interest rates; housing affordability; redundancy; structural reduction in pay or working hours; sickness; accidents; crime; relationship breakdown; disasters and many other life events.

Delaying access or preventing those in need from accessing financial counselling services would result in FWC services operating reactively and not providing proactive sector capability building services for those in financial hardship.

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

Maintaining and expanding sustainable funding for Financial Counselling and Capability will ensure that services are accessible to those who need them most and that best practice service delivery is

maintained. Expanding funding would allow greater accessibility, reduce waiting periods, enable provision of emergency appointments and negate requirements to restrict services.

## **2. Strategies to increase service integration**

**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.**

### **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?**

There is evidence that metropolitan and rural/regional services are co-operating to provide holistic, wrap around services with service providers partnering and sharing information and providing “warm” referrals.

Strengthening cooperation would require the employment of a hub coordinator to identify other services and produce and monitor MOUs and SLAs.

Additional support through information and networking forums throughout the regions would strengthen opportunities for cooperation.

### **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?**

Where services can already demonstrate cooperation they should not be required to enter formal relationships, as this would require time and resources to formalise what is already being done.

### **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?**

Providing microfinance options to clients would work better if the application process was less administratively intense and cumbersome and timeframes for access to funds could be reduced.

Many regional and metropolitan areas in NSW cooperate and coordinate service hubs such as Community Legal Centres and Neighbourhood Centres that provide a wide range of services e.g Financial Counselling, Financial Counselling to problem gamblers, NILS, Indigenous Financial Counselling, “Driving change”, smoking cessation programs, migrant services, mental health and DV

services and usually provide space for visiting services including legal, family and general community. Many have community gardens and provide ER, community kitchens etc.

Current funding program for NILS in NSW administratively sits outside of FWC program. Need to offer funding for all FWC services together to facilitate providers seeking to offer linked up services. FCW's should be trained to deliver NILS, which fits in well with the FCW role. A NILS conversation can readily come up during a FCW session so this would ensure greater access to NILS by appropriately trained people.

Integration of services, sharing of assets and blending of agencies would also depend on the legal structures of the organisation/s involved. Additional funding for legal advice to support the integration of services and dissolving of agencies would need to be provided or DSS would need to contract with legal firms to provide services to agencies during the stages of transition.

#### **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?**

Sustainable funding would need to be present and in certain communities and regions where there are lack of employment choices or options to improve financial situations the outcomes required from in funding agreements would need to reflect these circumstances.

#### **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?**

Transporting clients to the hub or hub workers to clients in rural and/or remote areas would need to be considered as well as the technology capability of clients and the capacity of the hub to provide online and telephone interventions and assistance.

The FCAN Board has discussed the concept of a mobile financial counselling service that targets areas of NSW via an outreach service where access to a Financial Counsellor is difficult. This could also provide opportunity for other services to partner with a mobile hub approach. To test this concept a discussion of a fly in, fly out service on a regular basis was considered as a pilot.

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

Support smaller community agencies throughout NSW to provide FWC services and to cooperate and integrate services with other community agencies.

### **3. Strategies to support client outcomes**

**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.**

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

Financial Counsellors support clients to improve their financial and employment outcomes by freeing them up from financial stress, so that they can move past the stress and focus on their budgeting skills and non-financial matters such as employment and health. This intervention happens most effectively with ongoing in depth face to face casework because of the trust relationship established.

### **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?**

Many ER services require that clients who present on multiple occasions undertake financial literacy programs. However many clients who access ER can budget very well, they don't have enough income or funds due to limited work opportunities or conditions excluding them from employment or they are unable to reduce their expenses due to the increasing cost of housing and utilities – in these cases financial literacy cannot help.

Requiring clients to demonstrate how they have reduced costs could be counter-productive as they may disengage from the service and referring repeat ER clients to FC/FCW/NILS service can only be effective when the client is willing to participate in the process.

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

Provide more school curriculum based financial literacy and life skills education to equip young people to learn skills for later life and in some cases this can help young people to assist their parents.

Whole of government response to more legislation, regulation and accountability for pay day lending, consumer leases, easy finance and gambling including strict advertising guidelines.

Reconsider the access to the Centrelink Advance. Access should require a financial assessment of current income and expenditure and ability to service another debt, without creating further financial hardship and ongoing dependence on ER and FWC services.

There needs to be a focus on building a savings buffer and affordable basic insurance to help people withstand financial shocks. This would be a significant behavioural change and would be achieved when clients are not in crisis and are able to work with FCW's who have the time and skills to move clients to this change.

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

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.

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

To build financial counselling capacity requires more funded hours and more Financial Counsellors on the ground in community agencies. To increase the number of Financial Counsellors requires substantially subsidised training opportunities to Diploma level and sustainable funding.

To build a strong workforce and encourage new workers into the sector requires job stability and access to ongoing training and development. To assist Agencies to build workforce capacity there needs to be funding available to subsidise the cost of accredited training and to pay for relief staff whilst training and development is being undertaken.

Forums and networking opportunities in remote, regional and metropolitan areas would enable the workforce to stay up to date and adaptive to increasing complexity and encourage integration and coordination of services.

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

Tools that would be beneficial include:

- Material for transitioning finances when employment is obtained
- Emergency Relief Assessment Toolkit
- Information and promotion of FWC services to other sectors
- More information and promotion of self-help tools to those who may be in a position to help themselves out of financial crisis
- Financial Literacy education throughout all life stages
- Requirement that participants who access FWC and ER schemes on a regular basis are required to undertake the 'Money Minded' or similar financial literacy program to assist greater understanding of their personal financial responsibilities.
- More promotion of the 'Money Smart' website and the "National Debt Helpline" and website.

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

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

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

Key issues involved would be:

- To ensure that client evaluation is not intrusive or causes confidentiality concerns for the client.
- The difficulties in engaging clients experiencing crisis and once the crisis has passed.

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

The main focus of the evaluation would be to assess and measure:

- If the intervention provided genuine assistance that placed the client in a better situation to face their future;
- If the client is more resilient and better able to self-help into the future;
- How the community has benefited by this client being helped in this way;
- The social return on investment (social capital) of the impact of DSS funded services into the community for F/C, FCW and FWC schemes.