Discussion paper

Financial Wellbeing and Capability Activity

January 2017

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# **Introduction**

The Australian Government invests around $100 million each year under the Financial Wellbeing and Capability (FWC) Activity to fund services aimed at alleviating financial crisis, addressing financial stress and hardship, and increasing financial literacy across Australia with the intent of improving life outcomes.

Financial stress, like many social problems, has flow-on effects to other areas of an individual’s life. Wesley Mission (2010) found that around half of those in financial stress suffer from ill health and many experience relationship issues, including divorce and domestic and family violence. Financial stress is also associated with increased drug and alcohol use and mental illness. This supports feedback from the sector that highlights the increasing numbers of individuals with complex needs who are presenting for services. It is vital that service providers have the tools available to assist these people.

More than ever it is critical that funding provided to services is delivered in the most efficient and effective way. Targeting services to those people who need it the most, sharing best practice, using evidence to inform service delivery and measuring the long-term benefits of services are all necessary to ensure the FWC is having a positive nation-wide impact.

Working together in supporting people to achieve financial stability and participate fully in work and life is the ultimate objective of the FWC. A financially stable individual is more likely to be able to acquire essential items, build assets, have better health outcomes, maintain stable relationships and have a greater capacity to engage in education and work.

# **Purpose of the discussion paper**

This discussion paper describes a proposal for redesigning the FWC, focusing on improved targeting of services, strengthening integration, building a strong workforce, supporting the capability and employment outcomes of clients and measuring the outcomes of FWC services. It will ensure clear links with the Australian Government’s constitutional powers. We also acknowledge the role of state and territory governments in funding financial support services and, where possible, seek to complement these and other services. The proposals in this discussion paper relate solely to Australian Government funded services.

The purpose of this discussion paper is to:

* inform the FWC sector of proposed policy options under consideration;
* encourage providers to consider opportunities for innovation, integration and efficiency; and
* invite input and feedback from providers on the continued direction of redesign in the sector.

We seek your input on the proposed direction of FWC redesign to ensure policy responses continue to meet the needs of vulnerable clients, **not to reduce funding levels**. All FWC providers, peak bodies and other interested stakeholders are invited to make a written submission on any or all of the questions raised in this discussion paper. All submissions will be analysed and considered in further policy development and implementation.

Submissions are to be uploaded on **engage.dss.gov.au** by **31 March, 2017**.  The Department of Social Services (DSS) will treat all submissions as **non-confidential**, unless clearly indicated. A summary of submissions will be made available to all organisations and individuals who provide input to this consultation process. Please keep your responses succinct (suggested maximum of 500 words per section).

# What is the Financial Wellbeing and Capability Activity?

The FWC Activity funds over 400 service providers who provide emergency relief, food relief, financial counselling, broad financial capability services, budgeting and/or access to microfinance products to financially vulnerable individuals. The FWC Activity is comprised of a number of different components (see Table 1).

Table 1: Outline of the FWC

| Financial Counselling and Capability | Emergency and Food Relief | Microfinance (Financial Resilience) |
| --- | --- | --- |
| **Commonwealth Financial Counselling**  Helps people in personal financial difficulty to address financial problems, manage debt and make informed choices about their money in the future. Services may include casework, advocacy, referral or education.  **Financial Capability (FC)**  Helps people to build longer-term capability to budget and manage their money better and make informed choices. Financial Capability workers deliver financial literacy education, information and coaching.  **National Debt Helpline**  A 1800 telephone service that expands the reach of financial counselling to people who are unable to use face-to-face services.  **Commonwealth Financial Counselling for Problem Gamblers**  Provides specialised assistance for problem gamblers and their families to manage debt, navigate out of financial crisis and address gambling addiction.  **Financial Counselling, Capability and Resilience Hubs**  Provides integrated Commonwealth Financial Counselling, Capability and Resilience services in Income Management locations. | **Emergency Relief (ER)**  Organisations delivering Emergency Relief provide immediate financial and/or material support to people in financial crisis (e.g. supermarket, utilities, petrol vouchers). Emergency Relief can also be an entry point into a continuum of financial or other appropriate services.  **Food Relief**  Food relief providers aim to increase access to a cost-effective supply of food items to ER organisations, by:   * + receiving donated food from farmers/manufacturers/retailers/other food redistribution services and redistributing to community organisations;   + sourcing and transporting essential foods where food donations are insufficient; and   + leading the development of local partnerships among food redistribution suppliers to improve access and distribution. | **No Interest Loans Scheme**  Access to no-interest loans of up to $1,200 to people on low incomes for household items including whitegoods and furniture.  **Step UP**  Provides low-interest loans of up to $3,000 for people on low-incomes for household goods and vehicles.  **Saver Plus**  Matched savings program for people on low incomes who can access up to $500 in matched savings when they save $500, following completion of a financial literacy course.  **Community Development Financial Institutions (Microenterprises)**  Facilitates access to low-interest loans for people on low-incomes to start small businesses, providing support to plan and execute their business model.  **Financial Inclusion Action Plan (FIAP)**  Financial Inclusion Action Plans are a commitment by organisations to undertake tangible actions to address financial exclusion in their sphere of influence. Financial Inclusion Action Plans are intended to drive a shift in corporate culture towards promoting financially inclusive policies at an organisational level and positive financial behaviours at an individual level. |

# **Why does the Australian Government invest in the Financial Wellbeing and Capability Activity?**

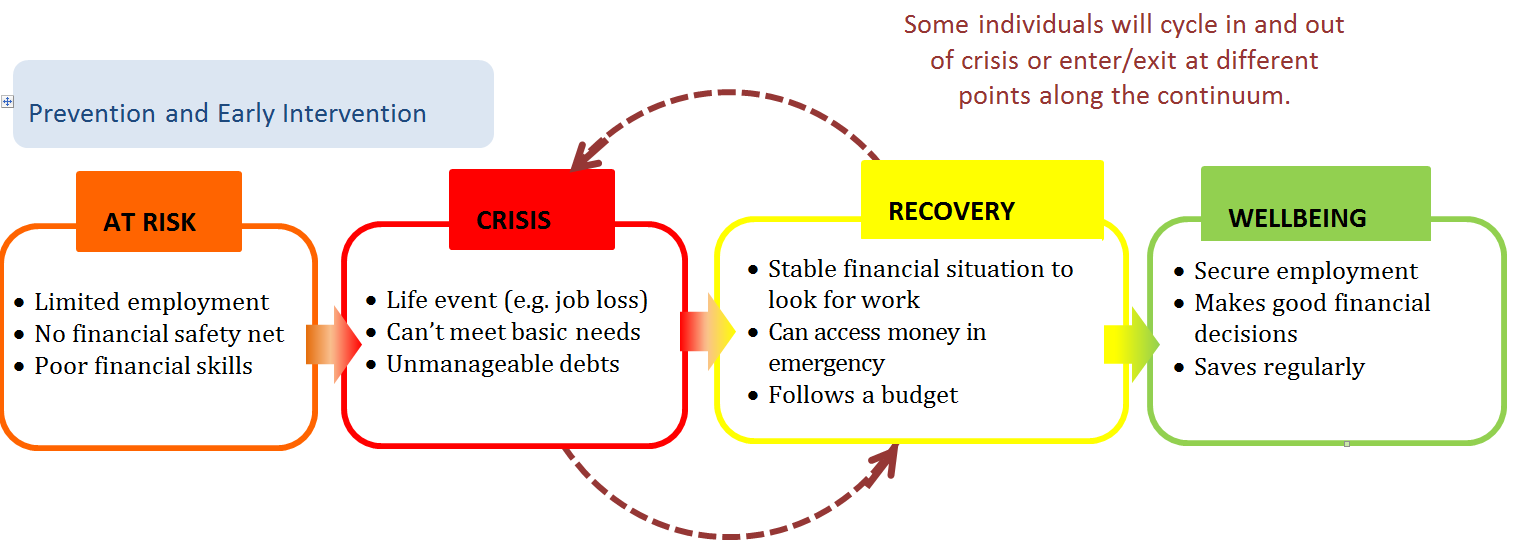
FWC services provide assistance across a continuum of needs from prevention and early intervention to crisis intervention to recovery and finally wellbeing (see Figure 1). Services include financial capability (prevention and early intervention), Emergency Relief (ER) and financial counselling (crisis support), and matched savings, low interest or no interest schemes, and microenterprise (recovery and wellbeing).

The Australian Government’s investment in financial wellbeing services dates back over 45 years, when it started funding ER. This was in response to the 1977 Commission of Inquiry into Poverty, which recognised the inadequacy of income in relation to expenditure. Initially these services focused on addressing immediate needs in time of financial crisis. However, over the years a number of reforms have occurred and funding has steadily increased, as has the variety of services the Australian Government funds under the activity, with the most recent addition being microenterprise initiatives.

At a broad level, FWC services aim to help people:

* address immediate needs in time of financial crisis;
* on a low-income to build longer-term skills to budget, better manage their money and make informed choices, in order to resolve personal financial difficulties;
* on low-income to access to savings and credit; and
* support people to be able to become work ready or find a job.

Figure 1: Financial wellbeing continuum



In addition, the Australian Government’s investment in this space aligns the FWC with the income support safety net, complementing the payments system. It does this by supporting those already engaged in the welfare system with the longer-term aim of promoting financial stability and independence. By providing financial counselling and capability services, including through hub service models, FWC can be an important intervention point for those in the welfare system, assisting them to escape poverty, become independent and engage with education and employment.

**Drivers of redesign**

Across the FWC, many providers are reporting that the complexity of needs experienced by their clients has increased markedly and that demand for assistance remains high. The Department of Social Services (DSS) recognises that organisations delivering financial wellbeing services work hard to respond to these increasingly complex needs. However, this also means that the FWC needs to continually evolve to ensure that individuals, families and communities have the best possible opportunities for positive and long-lasting outcomes.

DSS has closely considered a number of issues when proposing options for redesign. In 2015, two major projects informed the development of many of these options. In the first of these, DSS commissioned KPMG to conduct a research and consultation project of the FWC in consultation with the sector. Several themes emerged from responses received from providers (a summary of these is provided at **Attachment A**). These include the need to:

* strengthen client centred and wrap around approaches to service delivery;
* explore opportunities to better support clients with entrenched disadvantage; particularly those who may be repeat users of ER services;
* expand opportunities for early intervention and prevention; and
* build organisational and workforce capability.

A second project, built on wide ranging consultation with microfinance organisations raised a number of ideas and issues which also informed this discussion paper.

In addition, a number of Australian Government policy priorities have also influenced the direction of the FWC, such as stronger alignment with strategies to address domestic and family violence. The Australian Government’s recent announcement of its Investment Approach (Try, Test and Learn) provides the opportunity for service providers to develop and implement innovative ideas to help people live independently of welfare.

Increasing employment possibilities has been identified as a key target of intervention for all Australian Government funded programs, including the FWC, and we invite providers to consider this, and the Investment Approach, in their submissions.[[1]](#footnote-1)

Finally, as an arm of Government, the Department must at all times ensure that administration of taxpayer funds is undertaken in strict accordance with the law. Changes proposed to FWC have also been considered in the context of changes to background law, including decisions made by the High Court on the Pape and Williams cases.

**Principles of reform**

The following principles guide the redesign of the FWC:

* *Achieving outcomes*: our focus is on ensuring services are achieving positive outcomes for clients and we will continue to work with the sector with this goal in mind.
* *Evidence*: we utilise evidence where it exists, while continuing to build the evidence base around service delivery outcomes (through tools such as the DSS Data Exchange) to ensure appropriate targeting of clients and services.
* *Complexity*: we recognise the complexity of the needs of clients and of the sector.
* *Reducing red tape*: we understand the effort it takes for organisations to apply for grants and, through future grant rounds, seek to streamline and simplify the process as much as possible.
* *Consultation*: DSS engages with the sector in discussing options, valuing their expertise and experience in delivering FWC services.

# **Discussion topics**

## **Strategies to improve the targeting of services**

FWC services target individuals who may be at risk of, or experiencing, a financial crisis. Many clients of FWC services experience entrenched disadvantage and long-term financial stress and need support to build financial literacy and meet financial commitments. Others present at services with a range of complex needs, including mental health issues, homelessness or housing stress, domestic and family violence.

While many FWC clients are long-term welfare dependent, for others a life event, such as a job loss, can lead them on a trajectory towards financial crisis when not managed appropriately. FWC services can play a strong role in preventing people in financial stress from descending further into crisis. A 2011 review of DSS funded financial wellbeing services found that services were broadly efficient in directing resources towards those most in need (Eardley, 2011). However, the review recommended providing consistent and transparent guidelines for eligibility for services.

DSS recognises the importance of targeting services effectively; to ensure that finite resources can be accessed by those who need them most and acknowledging the rationale for the Australian Government’s investment in financial wellbeing as a complement to the income support safety net. In order to achieve this, DSS proposes strengthening guidelines around client eligibility for 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.

DSS will develop guidance material to assist service providers to adapt to any changes.

***Questions for discussion***

* 1. What impacts do you expect restricting eligibility criteria in the manner proposed above will have on your service?
* Risk of exclusion of sub populations
  + The restrictions above will exclude those at risk who may still be employed (i.e. whereby a household goes from two incomes down to one however don’t quality for welfare allowances, pensions or benefits yet have debt, are employed part-time but over the threshold for benefits etc.). If we are unable to assist these clients, they will eventually end up on benefits - costing the Government more money whereby an intervention from a FC could see payment arrangements, moratoriums etc. providing time for the client to re-enter the work force without having to rely on benefits.
  + This change would also restrict educating the likes of youth groups, people with limited income and no education on budgeting within their means, elderly groups whereby one partner has passed away and the surviving partner has not managed their finances before (these could well be self-funded retirees) etc. Education is key to prevention. The earlier we educate people the less likelihood of them ending up on benefits.
  + One large portion of the population needing to access these services include people who have suffered a major health issue and whilst waiting for Centrelink benefits to be paid accrue significant debt with medical expenses and living expenses. These clients are very vulnerable and often require assistance to access benefits, superannuation etc.
* Locating and engaging with those at most risk
  + What defines imminent risk? There would need to be a very clear definition of this and the additional challenge with this will be how are these people detected or motivated to seek a change in their management of their personal financial situation. FMC’s experience with it’s disadvantaged clients is that they become so distressed that they are often unable to act in a coherent manner. They are aware of their situation however they may not be able to contemplate what action to take.
* Referral expectation
  + This premise assumes that those at most risk will be able to seek assistance from an agency that can refer them to or provide financial counselling services. The assumption that awareness leads to action may not be true for many people in this situation. FMC is concerned that this approach will not be optimal to recruiting people in most need. This endeavour could be enhanced by some proactivity. Has consideration been given to drawing upon the Government held data where a government client has had an event recorded on their benefits file such as job loss, separation, Centrelink payment of debt initiation etc. These cohorts would be well worth targeting with an outreach contact from a FWC service or the provision of an invitation to a FWC capability session or contact. From FMC’s experience the experience of family violence is not declared readily and not likely to be known however there are other indicators of potential issues such as the ones above. With cultural and social barriers acting against such declaration there needs to be clearer inducements and facilitated opportunities to establish contact with the at-risk groups. FMC is concerned that restrictions send out a message that may submerge and not free the disadvantaged target groups.
* Use of data
  + FMC sees in its data that many Financial Counselling and Capability clients have the profile consistent with the proposed eligibility criteria however there needs to be an exception clause allowing for exceptional need where there is a significant need however the client falls outside of the criteria.
  1. What strategies can be employed to ensure that services are accessible for those who need them the most?
* Capture those most in need early
  + Incorporate a Financial Counsellor within intake services whereby they have the expertise to provide initial advice to the client. This provides opportunity to alleviate some of the heightened anxiety the client is experiencing as they are comforted by the fact they have enough information to get them through until their appointment. This has been tried and tested through the likes of National Debt Helpline and is currently under trial at FMC with great success. FMC has also applied this insight in the structure of its website *financialfirstaid.org.au.* FMC uses co location and outreach as tactics to be nearer to at risk groups. FMC co locates with the Eastern Community Legal Centre to be able to provide Financial Counselling services to victims of Family Violence who are the Legal Centre clients. Similarly, at Seymour FMC co locates with the Salvation Army with its financial capability worker to respond to situations of homelessness.
* Raising community awareness
  + A public awareness raising approach will increase demand and may very well propel providers to triage enquirers into a graded intervention approach that is necessary to handle greater volumes. This sounds counter intuitive however the current low profile of financial capability services coupled with the word of mouth about restricted eligibility may inadvertently create service ghettoes and reduce overall community benefit.
* Rural Outreach
  + With rural communities, we need to be able to support a mobile service with greater outreach offerings. Under the current funding arrangements and the catchment sizes this is not always possible. Partnering with other organisations whereby multiple service offerings go to rural communities on set regular arrangements (i.e. monthly or bi-monthly) and promoting the services that will be coming through local community organisations will ensure clients are aware of when/where/what services are available, and will enable some sharing of costs associated from the agencies perspective.
* Flexibility of funding location
  + The current funding is static and not responsive to geographic or demographic trends and events. FMC considers that there is a need to ensure opportunities to provide preventative services to targeted groups who may very easily get into financial difficulties in future. For example, with the closures of huge employers like Ford and the like in Broadmeadows there will be plenty of people who are about to find themselves in very different and difficult financial circumstances. Consideration of future guidelines should allow for Financial Capability Officers the opportunity to go into targeted organisations and catchments to provide preventative and preparatory information despite them not meeting the eligibility criteria. The financial problems are imminent but FMC considers that a proactive approach would reduce the obvious impacts. The current funding model has some problems with it namely that many agencies are given small amounts of money to deliver services across a large area. For example, there may be three agencies funded in an a S4 however some agencies receive 40K another agency 60K and another agency 50K. Funding needs to be based on demographics of a region and current and evolving needs of areas.
* Drop the policy lens -acknowledge the motivation of individuals
  + Access or restricted access to a service is one consideration to financial counselling and capability service provision however this is a policy control measure. FMC is concerned that an understanding of individual’s behaviour is required.  Research explored in Mullainathan & Shafir’s [Scarcity](http://us.macmillan.com/scarcity/sendhilmullainathan) (2013) demonstrates that poverty causes IQ to plummet, because dealing with the everyday challenge of being poor takes up so much cognitive bandwidth. Expecting that restriction will improve outcomes in a linear way seems mechanistic and not related to the motivation and contemplation of change for individuals. FMC believes that some original conceptual development work is required to take a very different approach to the issue as defined in this discussion paper. Start from the bottom up from the experiences and challenges faced by the individuals and build up an alternative approach to influencing and changing behaviour. Trial, test and incrementally improve.
* Break down the barriers to action
  + Promoting Skype as a service offering and partnering with the likes of community centres and local libraries that have volunteers/staff that could assist clients in accessing the skype session if needed.
  + Live chat as a service offering through websites that goes directly through to a Financial Counsellor. This could also incorporate the Intake process whereby it is ascertained the client requires further assistance.
  + Triage clients to different levels of service so that not all service is face to face then phone.

## **Strategies to increase service integration**

Vulnerable people often have trouble accessing the services they need to enhance their financial wellbeing. This may be because of cultural or language barriers, little knowledge of what services are available for them or feelings of stigma when approaching services, many of which they may view as being ‘charity’. Many people simply lack the skills needed to negotiate an increasingly complex service system. For these reasons, some vulnerable people may not receive assistance appropriate to their needs, and services that are accessed may only address the presenting symptoms of deeper and more complex issues.

Research increasingly recognises that providers who offer, for example, an integrated service model are able to better achieve improved outcomes for their clients. A recent OECD report found that improved service integration better addressed the multiple underlying issues of vulnerable populations, while at the same time improving access to services, reducing cost burdens and facilitating information and knowledge sharing between professionals (OECD, 2015).

Recent data indicates that many FWC providers, both large and small, are already working towards the goal of providing more holistic support for people in financial stress. In 2014, reforms to the FWC attempted to consolidate services by targeting areas of entrenched disadvantage and encouraging greater integration. Positively, many FWC service providers responded to these reforms by improving collaboration and integration within their own communities.

Nevertheless, around 70 per cent of FWC services currently offer only a single FWC service to their clients. This highlights the need for, at the very least, stronger cooperation between services to ensure a more responsive service offering. In some cases, two or more organisations joining together to provide a single service can lead to improved information sharing, improved efficiencies and improved service delivery outcomes. Strong, collaborative relationships with other appropriate support services outside of the FWC can also assist with addressing underlying causes of financial stress.

Improving service integration enables:

* clients with multiple underlying needs to be supported consistently and comprehensively, enabling services to look holistically at an individual, rather than at just one issue;
* strengthened linkages and pathways between different services both within and outside the FWC, making it easier for workers to co-ordinate referrals; and
* organisations to find administrative efficiencies by sharing resources across services.

Integrated models generally combine a range of services, such as family relationships, job network providers, mental health and homelessness and domestic and family violence services. Proposed redesign options do not specify a preferred model of integrated service delivery, recognising that there are many different models of integration, from simple cooperation between services to full integrative models, with shared services delivery based on shared philosophy, vision, goals and outcomes (see Table 2). At a minimum, however, services will be expected to support clients with referrals to other appropriate services.

Table 2: Continuum of integration

| **Autonomy** | **Co-operation** | **Co-ordination** | **Collaboration** | **Integration** |
| --- | --- | --- | --- | --- |
| Agencies act without reference to each other, although the actions of one may affect the other(s). | Agencies establish ongoing ties and provide limited support to an activity undertaken by the other agency. Communication and sharing information is emphasised. Requires a willingness to work together for common goals, goodwill and some mutual understanding. | Separate partners plan the alignment of their activities. Duplication of activities and resources is minimised. Requires agreed plans and protocols or the appointment of a coordinator or manager. | Partners put their resources into a pool for a common purpose, but remain separate. Responsibility for using the pooled resources is shared by each of them. Requires common goals and philosophy and agreed plans and governance and administrative arrangements. | Links between separate agencies draw them into a single system. Boundaries between the agencies dissolve as they merge some or all their activities, processes or assets. |
|  | **Examples** include learning and information sharing networks and open access to each other’s facilities and services. | **Examples** include the appointment of a hub coordinator to provide strong links between existing services, or developing joint funding proposals for new co-ordinated programs. | **Examples** include the establishment of shared service centres or two or more organisations joining together to provide a single service. | **Examples** include preventative or community-based place management programs. It can also involve the merger of similar agencies to form a single larger organisation. |

Source: QCOSS (2013)

*Strengthening referral pathways*

For many of those who access FWC services at a time of financial crisis, financial capability is just one aspect of their overall financial wellbeing, with a range of other issues, such as income adequacy, housing, utility costs, health care and relationship services also essential factors that require addressing. This reinforces the principle that the FWC cannot be seen in isolation from other areas of Australian Government policy and programs. The FWC must continue to build stronger linkages across a range of community services, including family relationship services, job network provider, domestic and family violence services, mental health and housing programs.

In order to strengthen integrated service delivery, one main change to the FWC program guidelines is proposed:

* FWC providers would be contractually required to establish formal relationships and referral pathways with other FWC providers and other relevant services including Family Relationship services, JobActive providers and/or other appropriate services in their funded areas.

DSS will develop guidance material to assist service providers in building cooperation and collaboration that allows flexibility for providers to establish relationships that meet local and community needs.

| **Practice example – referral pathways**  ***YFS Ltd*** (formerly known as Youth and Family Service Logan City), delivers a range of complementary services in the Logan area (QLD), and is involved in collective action with partner service providers. The first point of contact for YFS clients, whether phoning or visiting, is through the referral and assessment service which prioritises clients, links to services and provides instant information for clients.  The referral and assessment service focuses on clients’ immediate crisis, while connecting clients with relevant services within YFS or the community to address underlying or co-morbid issues contributing to their financial crisis.  YFS has established consistent referral pathways for clients, leveraging the diversity of services operating in the service area through networks and coordinating ER with consortium partners and volunteer support. YFS uses a shared database for case management and reporting practices, and maintains a directory of government and community facilities to aid referral. Referral pathways are supported by formal staff training on referral protocols and procedures.  Source: YFS (2016) |
| --- |

*Expanding the number of FWC Service Delivery Hubs*

Since 1 January 2016, the Australian Government has funded a number of Financial Counselling, Capability and Resilience Hubs in Income Management locations to provide integrated services under the one roof. These combine financial counselling and capability alongside access to no and low interest loans and, in some cases, provide additional services, to strengthen employment and family functioning outcomes. These models are designed to intercede at life transition points when people are most vulnerable to financial crisis, such as job loss or family breakdown. This means that clients experiencing a major life transition need only approach one service to receive support appropriate to their needs.

Currently, Hubs operate in 29 Income Management sites across Australia, although the majority are in Western Australia and the Northern Territory. The Hubs are based in urban, rural and remote areas, servicing outlying communities by outreach in remote locations.

Under this proposal:

* a similar model of Hub services may be funded in one or two additional locations across Australia, with locations chosen based on 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.

| **Practice example – Hubs**  **Anglicare SA** use a wrap-around service model to tailor assistance to the needs of individual clients, based on the philosophy that individuals taking control of finances is a step towards taking control of their future. Anglicare’s priority client groups include jobless families, young parents, Indigenous people, and residents of Playford, a highly disadvantaged urban area in Adelaide. Clients can access a spectrum of services including financial, aged care, family, youth, disability and housing. Financial services range from crisis support, to developing saving habits, to one-on-one financial counselling, and loans with no interest. Anglicare engages with the community through a range of community settings – including schools, community centres, women’s groups and services targeting young people. Anglicare SA offers a central intake and assessment process to ensure other agencies and community members gain timely effective response to initial contact with their geographically dispersed services. Anglicare SA links with community services such as housing, employment agencies, and women’s domestic and family violence services. In response to the Holden car factory closure, Anglicare SA have been assisting workers who have been made redundant to manage this transition.  Source: Anglicare SA (2016) |
| --- |

***Questions for discussion***

* 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?
* Reduce grant control and restrictions
  + FMC appreciates that consortia look good on paper however believes that higher value could be derived from pooling of some funding between services provided by the one organisation. FMC is seeking to develop this further by de siloing its services. The grant history of geographical and needs base criteria for funding control results in an episodic approach to service provision. FMC considers that a key enabler to meet the desired objectives of this discussion paper should be coordinated care provided by a key agency delivering services that address several social determinants of an individual client. FMC notes that the approach taken in the preventative gambling area combines counselling, addiction counselling and financial counselling. This coordinated care approach can be developed further by an agency such as FMC as the client can be triaged and coached through services addressing finance, self-awareness, conflict, parenting and relationships – these are the big motivators in individuals and families lives for change. A coordinated care approach needs to be reporting on attrition, engagement, duration and change measurement. A wrap around approach is referred to as a solution however FMC considers that this may be too superficial. It is a wrapping and not necessarily focused on resolving the interior issues through motivation and cognitive change. Rather than a wrapping FMC considers that agencies should be allowed to combine their grants and work to a profound individual change not just the resolution of an episode.
* Conduct Forums
  + FMC has dedicated a great deal of focus on engaging with other services. This has included external facing meetings with the community and talking to local agencies about their service offerings, and how we could partner to offer a wrap-around service between multiple agencies. Having a quarterly meeting/forum of local agencies within communities co-ordinated on a rotational basis would enable sharing of best practices, ideas and agency updates. This also maintains the strength of the relationships across the varying services and to hold a continued focus of referrals between same.
* Contract length
  + Although we have moved beyond the days of compulsory competitive tendering, with Government contracts being time limited, there is often competition rather than collaboration between services. Longer contracts (five years) could mitigate against this issue.
* Construct a better model of service provision
  + FMC recommends a pilot development project that conducts client service experience mapping to identify and connect the services experience for disadvantaged clients. Clients do attrite and disengage from services. Additionally, there is an unseen cohort of disadvantaged invisible people. FMC recently opened an outreach financial capability service in a rural area and has been taken aback by clients sleeping in tents all year around, using food vouchers from a range of agencies, suffering abuse and evading the sheriff. This sort of disconnected client situation we think could be considered as a connection opportunity. The common elements to this cohort are government benefits and smart phones. Their engagement with services is episodic, ad hoc and has obvious attrition issues. Other services report that client continuity is an issue. FMC believes that rather than build up a service down approach that better use of targeted Centrelink data integration with mobile messaging and motivational rewards could ensure a more consistent and enduring approach for clients. Starting from a linear view of a client’s episodic use of multiple support services will yield insights on better ways to connect. Centrelink data can define the cohort, permission obtained to be contacted and the agency can then commence a communication, intervention and motivation program for change. Punitive measures of benefit withdrawal we think will not have a positive effect. Like the invisible people faced with the sheriff who withdraw, living in extenuating circumstances means you are cognitively consumed with everyday living – planning does not happen. People in this circumstance need to be approached with an alternative connected experience.
  1. What effect will the requirements to formalise relationships with other organisations have on your service? How do you see these relationships working to maximise their effectiveness?
* Criteria for an effective relationship
  + An agreed understanding of expectations for the partnership
  + A streamlined approach would be beneficial for example a MOU for service/referral paths that is universal as opposed to all agencies utilising differing formats. At FMC, we have a very streamlined one page referral process with open lines of communication with the referring agency (i.e. whereby we do not establish contact with the client until we ensure the referring agency is advised of this).
  + Acknowledge the administrative cost. Formalising relationships will place additional strain on resources with regards to the administrative cost of doing so - not only for the implementation, but also for the renewal should a finalisation date be put in place. This needs to be acknowledged in any review of funding.
  + Mutual reporting
  + Agreement on brokerage fees
  + Data sharing – privacy concerns will need to be addressed
  + Clarity for the client so that the service appears to be a uniform delivery provided by a number of agencies
  + A central contact point for clients so they do not think that they are getting the run around
  1. 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?
  + FMC’s experience is that microfinance services agency managers and financial counselling agencies meet on a regular basis to provide feedback. Updates of what the current climate looks like from both sides would be useful (i.e. what changes are we seeing with presenting clients, are there any hurdles we are experiencing and what could be improved).
  + Incorporating financial counselling/micro finance service offerings through partnerships within the same building (i.e. shop front offerings of joint services).
    - A more coherent experience for clients would aid integration. Providing access online via smartphones and tying this with other relevant services will be one pathway to drive integration and collaboration
  1. -What elements would you need to represent to ensure hub model is successful in your community? What additional support would you need to establish a hub in your community?
* FMC currently works within a hub model in some of our geographies to incorporate different service offerings and provide instant access for clients across the services according to their needs. We also partner with local community legal centres, emergency relief providers, etc. This is an effective model. This approach would benefit from being acknowledged more formally in how grant guidelines are set for a hub location. The criteria would need to cover:
  + Clarity of service delivery. To ensure success, all services need to be aware of the different service offerings including what each other can and *can’t do*.
  + Defined frequency of contact and resourcing to facilitate this. Regular meetings within the Hub (i.e. monthly) provides opportunity for all to share their capacity levels, changes they are seeing within the local community and with their clients, updates relative to each service and promotes the ongoing referral process.
  + Allowance within a grant to invest in technology to enable collaboration. Being front of mind is imperative to ensure the referral process is maintained. Investing in interorganisational communication platforms will facilitate this. Having a virtual open plan environment encourages discussion amongst the service providers. The objective being better engagement and consistency with client delivery.
  + Seed funding to establish Hubs. Buildings need to be sourced that are situated with the best access for clients, including consideration to public transport.
  + Define the scope of potential services. Services within the Hub need to be complimentary of each other to ensure the best possible continuity of service.
  + Setting up a temporary project office - when looking to establish a Hub, it is imperative to ensure the planning for services delivery has been completed so that the operations can be up and running from day one.
  + Creating the community footprint. Providing services in languages other than English by use of interpreters to which FMC and most agencies already offer. Prominent advertisement of services in frequently visited areas.
  + Centralised intake services to link clients in with all the beneficial services required.
  1. What elements and innovative practices would be particularly key in establishing a hub model in a rural and/or remote service delivery context?
* Ensuring the location of the service offering has the appropriate technology offerings (i.e. skype, webinar) with connections to other community organisations that would be able to support this offering from other locations where clients are not able to travel.
* Community “key champions “to be engaged to provide input into the model required within their specific community. Engaging key stakeholders across the community to ensure sufficient information is obtained to ensure the most appropriate services are in the Hub – different rural communities have different needs.
* Having the ability to be mobile and ensuring the local communities around the Hub are supported with outreach services; ensuring the community is aware of where and when well in advance and providing easy access to be able to book into the services. Intake services need to be flexible and have the staff with experience (i.e. FMC model very successful with this regard; Intake service staff have full access to all services across the organisation inclusive of practitioners’ calendars, screening forms to obtain sufficient information for the practitioner etc.).
  1. How could Australian Government funding be used differently to better support integration of FWC services?
* Allow funds to be used for establishment and acknowledge a likely short term reduction in client numbers.
  + Under the current funding arrangement recognise that service establishment and service delivery are sequential. Planning and establishment of a hub will consume resources and practitioner time. Services will be interrupted and reduced in volume. An additional seed and establishment fund would be required to develop and provide services if this is to be done concurrently.
* Data
  + Develop practical guidelines for the use and sharing of data thereby reducing the risk for funded agencies to breach privacy guidelines. A consistent approach is essential.
  + The Government has much data that could be utilised by profiling and initiating a communication between the client and the FWC service by individual client. Establish a working group to develop an approach for targeting at risk people with appropriate services in a timely and relevant manner according to their circumstances and honouring privacy obligations.
  + Analyse data to profile over time. What characteristics are common to those people who have moved out of the heavy users category? How can this be utiltised? Could this data establish a profile for learning from?
  + DEX reporting has consumed much resourcing and organisational time. Where is the subsequent data to inform organisations and to support better client services and outcomes? Is there an opportunity for agencies to work with the Department to review data through correlation analysis and other means of obtaining cohort insight?- Benchmarking reports are still largely unavailable through DEX.
* Ask clients
  + Work with small groups of clients to map their experiences and develop pathways and more compelling services to improve their circumstances. Dealing with the everyday challenge of being poor takes up so much cognitive bandwidth. Do not assume that perceived dependent behaviour is driven by a sense of entitlement. Consider the issue as *‘the right service solution has not been provided yet in a timely and motivating way ‘to that client*
* Loosen up Grant borders
  + Borders – encourage collaborative investments through a review of grant guidelines
  + Hub equals collaboration between agencies – allow organisations to invest a % of funds into a virtual hub set up
* Rural travel allowance
  + Funding specific to the need (i.e. rural service offerings to be provided with sufficient funding to cover travel costs etc.)

## **Strategies to support client outcomes**

Over time, the focus of Australian Government funded financial wellbeing services has been slowly shifting. Initially, services focused on assisting people in times of immediate crisis. However, the FWC now also supports individuals, families and communities through better access to services across a continuum of wellbeing, from crisis assistance to longer term financial capability and, in some cases, transition to employment.

All FWC services, including those traditionally focused on crisis intervention, are being asked to consider ways of strengthening longer-term outcomes for clients, building capability and supporting resilience and self-reliance to prevent future crises or minimise their impact.

*Employment*

Alongside managing expenditure, one of the most effective ways of improving financial stability is increasing a person’s earning capacity, ideally through employment. Data received from service providers indicates that the majority of people accessing services are those in receipt of income support. This means that FWC service providers have a unique opportunity to tap into some of the most hard to reach clients (particularly those accessing ER), building capability among the most disadvantaged and targeting those who have barriers to employment.

A range of options are being considered to strengthen pathways to employment for those who access FWC services. These include changing program guidelines to require:

* financial counsellors and capability workers to address work readiness and employability skills alongside financial literacy skills (this could be through referral to an appropriate employment service or providing financial literacy support to someone transitioning to or from employment);
* all FWC services to emphasise employment as a key goal when working with clients on Newstart Allowance, and explore pathways with clients to increase employment prospects; and
* clients to be provided with appropriate referrals to other services (including JobActive providers) that can strengthen their capability and stabilise their financial situation.

*Enhancing Stability and Resilience through ER*

Early data from the DSS Data Exchange shows a high rate of repeat users of ER, with 17 per cent of clients presenting for ER five or more times in a six-month period. Almost half of all clients have presented for ER services three or more times in six months. This suggests that a sizable proportion of ER clients have become dependent on crisis services, presenting opportunities for ER to act as a front door to build longer term financial stability and resilience.

Most service providers aim to limit the frequency of ER receipt by individuals, in line with guidelines, and attempt to avoid unnecessary over-dependence on ER crisis support. However, there is not a consistent approach applied in the sector to address clients’ underlying issues and the reasons for multiple service usage. Some providers focus on the broader reasons for repeat ER use and, where possible and practical, seek to address clients’ underlying needs, provide case management and/or offer financial counselling.

One option being considered is to work more closely with clients who may present regularly for ER support, recognising that repeatedly providing material aid can often be a disservice to the client. Often clients who are in crisis may need additional services but do not know what they need or where to turn and may need additional support to manage their financial situation. ER service providers are in an ideal position to become a gateway to a range of other services.

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.

| **Practice example – Building stability and resilience**  The New Zealand Government provides one-off payments for individuals unable to meet urgent and necessary needs. Individuals can apply for the payment more than once, and for the first two payments in a year, the individual needs to demonstrate financial hardship. For the third, fourth or fifth request, the individual needs to demonstrate reasonable steps to either:   * increase their income; * reduce their costs, for instance by cancelling non-essential payments or services; or * improving their financial management, for instance by completing their own budget.   These steps represent mutual obligation between the individual and their support officer. Importantly, the tests an individual must satisfy will depend on the individual’s circumstances and needs. If an individual applies for six or more payments in a year, the individual must have an intensive interview with a case manager, and payments must be approved by a centre manager.  Source: [www.workandincome.govt.nz/products/a-z-benefits/special-needs-grant.html](http://www.workandincome.govt.nz/products/a-z-benefits/special-needs-grant.html) |
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| **Practice example – Building stability and resilience**  **The Salvation Army’s *‘Doorways’*** is an innovative, holistic, community support service helping clients build their capacity to move to a more stable future. Through case management, mentoring and building wider connections into other services, *Doorways* offers holistic support to individuals and families in need. *Doorways* provides an emphasis on tackling the issues underlying economic hardship. The Salvation Army has identified that 50 per cent of ER clients only require short-term assistance (one visit) to get them through a crisis event.  The remaining 50 per cent are recurrent users of ER services (up to five or more visits per annum and accounting for 79 per cent of all episodes of ER support).  *Doorways* casework targets this second cohort to address their underlying issues and to develop strategies and skills to achieve positive long term outcomes.  The Salvation Army’s *Doorways* is a capacity building approach assisting individuals and families move out of poverty and welfare dependency.  Source: The Salvation Army (2014/2016) |
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*Prevention and early intervention*

FWC services are increasingly focused on intervening early to minimise the long-term impact of a financial crisis when it occurs, or even preventing the crisis altogether in individuals who may be vulnerable to financial stress. Research increasingly demonstrates such interventions may prevent a range of associated problems, including psychological distress, relationship breakdown and health problems, which are all commonly associated with financial stress.

DSS is keen to support FWC services that focus on early intervention and prevention, including providing financial literacy and other support to people in the community who may be vulnerable to financial crisis (those on income support payments and who may be at risk of bankruptcy), as well as preventing financial crisis from recurring in the future for at-risk clients.

Opportunities for implementing an early intervention service are through:

* proactive education to at risk target groups;
* community promotion, better promotion of FWC services in the community; and
* co-operation with partner organisations to engage clients who are accessing   
  non-FWC community services.

| **Practice example – Early intervention and prevention**  ***The Wesley Financial Literacy Education program*** was launched in 2011 in response to the growing rate of financial stress in the community. The *In Charge of My Money* program was developed as an early intervention strategy aimed to assist communities, groups and individuals who are finding it difficult to manage their money to make more informed decisions about their spending and borrowing.  Wesley Mission partners with community service organisations and local councils to deliver workshops, and co-operates with Indigenous providers to service community hubs. Wesley Mission has also undertaken research into the ability of financially stressed households to plan for retirement, and recommends a retirement planning component in financial education.  Source: Wesley Mission (2015a/2015b) |
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***Questions for discussion***

* 1. What strategies can you utilise to support a client to improve their financial and/or employment outcomes?
* Pathway knowledge
  + Partnerships with Centrelink, local employment agencies and community organisations are key to supporting a client to improve their financial and/or employment outcomes. At FMC, we ensure all practitioners are aware of and maintain current knowledge of the pathways they can guide clients to in order to achieve this.
* Timely intervention
  + Providing education to clients on basic budgeting skills moving from Centrelink payments into the workforce via group or individual basis is highly beneficial and it provides the client with the necessary skills to manage their money. Moving from a Centrelink payment to being employed often causes significant financial issues as the client has increased accessible income and opportunity to borrow money (i.e. interest free furniture purchases that then go to high interest facilities, personal loans/leases to purchase vehicles). Clients with education will be able to assess the viability and affordability of such offerings.
  + One suggested intervention would be a financial capability workshop when Centrelink benefits are commenced.
  + FMC notes that the NZ model quoted the timing of a service can enhance its uptake. We are also of the view that a combination approach of a reward will enhance take up and reduce service attrition. The threat of a withdrawal of service may not be as effective as thought. Those struggling to survive day to day may then move onto another avenue to secure their survival requirements. FMC is proposing a small rewards pilot would be interesting to test against a withdrawal of benefit approach. The reward would be modest and would be established from the feedback from client small group exploratory work.
* Relationship building with clients
  + This is key - providing a safe environment whereby clients feel they can openly discuss their situation enables trust to be built which results in clients being more receptive to the information they are being given.
  1. 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 that present to our service on multiple occasions are rare as we aim to provide the education to empower clients to better improve their situation throughout the consultation process. Where we do have, clients re-present after the resolution of their matters, this is generally due to them having a significant change in their circumstances whereby it has instigated contact. We offer, where available, an internal referral process for clients to have follow up appointments from Financial Counselling to Financial Capability. This enables the Financial Counsellor to attend to the crisis situations and the Financial Capability Officer to work with the client on education and prevention.
* Whilst currently at FMC we do not offer ER service for clients, it is imperative that we maintain knowledge of the services local to the client and provide education and referral pathways to assist the client to move forward into a more self-sustainable future. Education is key to this process, empowering clients to feel safe to approach other providers such as employment agencies and seek assistance to improve their situation. Systemic Centrelink benefit recipients whereby generations have been recipients is a key example, providing the education and referral pathways assists in breaking the cycle. Repeat ER clients need to be given the opportunity to seek guidance and support from Financial Capability Workers who could assist them in breaking the cycle. This could be incorporated by way of limiting the number of times a client accesses ER before they need to provide evidence that they have sought counsel with a Capability Worker. Whilst this occurs in some instances, it would be best to have a streamlined approach across the FWC/ER model.
  1. How can DSS better support early intervention and prevention opportunities?
* Become data driven and ‘sharing’
  + A closer relationship between the client data holder (for example Centrelink) and the service fulfiller (FMC) in the regions covered by grants will aid in better interventions over time.
  + FMC considers that there is an opportunity for greater data and client collaboration between the Government and funded agencies. Without this data collaboration, it is like paying a handyman to attend to a house needing repairs yet the house address can’t be disclosed.
  + Authorise and participate in pilots to break the mould.
  + Define cohorts and allocate an area basis to trial different prescribed intervention.
  + Get more science into the targeting and service planning!
* Foster and encourage behavioural changes principles
  + Introduce /allow incentives to motivate individuals.
  + Sponsor or co develop pilots that employ behavioural change principles to target groups at risk.
* Allow a pilot of a buddy system
  + FMC has considered that a train the trainer buddy approach to developing increasing community capability. Financial Counsellors are more inclined to advocacy and the coaching of their clients. Financial Capability workers have different aptitudes. FMC thinks that there is an opportunity for the development of a volunteer buddy pilot to expose the general community to financial literacy raising opportunities. The target cohort is not the ER cohort. The target would be lower risk such as widowed women, recently separated CALD women, people about to finish their prison time, Centrelink novitiates. These cohorts are more open to change and have a motivation to listen and respond. The capability sessions could be followed up with a trained buddy volunteer to take individuals through their individual budgeting and skill development. This is a volunteer approach complementary to the funded facilitator position. This would increase the reach of the program and redefine the role of a capability worker.
* Build from the bottom up
  + Use client experience pathways to define the service attributes and reach.
  + Trial – e.g. client virtual hubs. From FMC’s experience clients on ER move around wide geographies. Follow and offer the client services over time and do not drop them because they are out of the funding catchment. Trial a mobile hub approach to engage and change.
* Credit ratings
  + FMC considers that the Federal Government is in a position to influence the credit ratings agencies. This could be harnessed by providing a credit rating reduction scheme for individuals based on their attendance at Financial Capability Workshops. The target is those credit risk rated individuals who are on a pathway to change their risky behaviour. They would be offered by the credit agency periodic offers to completing financial literacy and financial management capability sessions. This would be a reward for a desired behaviour. There is little incentive to change currently as your credit risk rating is only diminished by time. This may also be a consideration in the Fines courts where better diversionary options could be applied – the carrot and the stick.
* Government influence on Lenders
  + FMC considers that there is an opportunity for the Governments to place stronger requirements on lenders (e.g. payday lenders and the like) to provide training to their staff (akin to responsible service of alcohol) to detect and manage someone who may display signs of financial desperation. This could involve mandatory provision of financial counselling information and services. FMC would gladly participate in a working party that considers the ways in which this could be developed and delivered.
* Consider additional funding for Financial Capability Workers
  + To provide education and financial literacy skills to students, youth groups, and people entering employment who are in readiness to enter the work force. This is can be conducted in partnership with Secondary Colleges at age groups whereby they are within the age groups of 14 – 15 and about to enter the part-time work-force. This additional capacity in the Capability space would also free up Financial Counsellors to refer clients for Capability work sessions that are focused on being able to manage the client’s situation moving forward and prevent re-occurrence of financial difficulty requiring the intervention of Financial Counsellors.

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

The FWC workforce is diverse and multifaceted. It ranges from qualified professionals at one end to a large volunteer base at the other. For all workers, the key commonality is the delivery of services to clients who are financially vulnerable, at risk of not being able to pay their bills or on the verge of or in crisis. All recognise that financial stress poses significant risks to families and the flow-on effects that ongoing financial crisis has to broader social and economic costs for the Australian community.

The FWC workforce is facing some considerable challenges over the coming years. Many in the workforce are approaching retirement, resulting in a loss of knowledge and skills that cannot easily be replaced. In addition, workers are often not mobile, which is increasingly becoming an issue for the establishment of services in new areas of need. Clients presenting for FWC services are disclosing more complex needs and it is important that workers have the skills necessary to manage the transition of these clients into appropriate services that will meet their needs. For example, clients have experienced domestic and family violence; homelessness; mental and physical health issues; or are from culturally and linguistically diverse backgrounds. Clients are also increasingly showing a preference for service delivery that takes into account the time poor nature of modern families, including online or phone services, and the FWC Activity must adapt to this social change.

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 coordinated 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.

The grants include:

* the development and implementation of a national training strategy, including support in managing complex clients such as those experiencing domestic and family violence, problem gambling and chronic unemployment.
* facilitating the sharing of best practice examples among service providers.
* the development and implementation of a workforce strategy which works closely with service providers to build the capacity of their organisations to deliver high quality services, works towards addressing issues of attracting and retaining staff to the sector, and improves the ability of the sector to respond to funding changes.
* the development and maintenance of effective relationships with the Australian Government, State and Territory Governments, and other key sector bodies and workers.
* the development of tools and resources for both financial counsellors and financial capability workers that focus on employment readiness for unemployed clients to help assist them with the financial aspects of transitioning to work.
* working towards a distinct focus on early intervention and prevention role for Financial Capability workers.
* the development and distribution of an operations guidelines kit for ER providers.

| **Practice example – Workforce development**  **ICAN** services regional and remote areas in North Queensland and the Torres Strait, and actively involves Indigenous community members and organisations in service delivery. ICAN developed and delivers *‘Yarnin’ Money’*, a financial literacy program designed to increase financial capability in Indigenous communities. A *Yarnin’ Money* train-the-trainer course has also been developed for community service organisations and other financial counselling and capability services interested in delivering the program.  ICAN further involves the national Indigenous financial counselling and capability community through the Indigenous Financial Counselling Mentorship program, bringing together partnerships across community, industry and government, with the aim of achieving greater outcomes in the sector. Scholarships are provided to Indigenous participants from across Australia to gain financial counselling qualifications. ICAN is currently establishing a registered training organisation, *‘ICAN Learn’*, to provide learning and professional development pathways for the national financial counselling and capability sector.  Source: ICAN (2016) |
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***Questions for discussion***

* 1. Do ER and CFC/FC workers need to build capacity? If so, how might this be done?
* See & act
  + FMC experience is that for Financial Capability development that advertising through posters for budgeting and money management sessions appeals to the converted. FMC is suggesting that a more integrated approach between government agencies and the timeliness of a financial capability development service should be considered. In the road to debt there will be sentinel events for example – the first default, the first loss of credit points, the first court appearance etc. Banks and utilities provide financial hardship referrals. There are additional opportunities beyond these to present opportunities to change when people are ready. The question that FMC has is that this is not a matter of building capacity as much as an opportunity to use data and agency cooperation to create opportunity. This would require an additional skill set of data management, collaboration principles and templated communication techniques to be able to deliver a more relevant service.
* Narrowing risk
  + In order to build capacity, a collaborative approach between ER/CFC/FC is required, however if we were to restrict eligibility it would have a negative impact as we would be primarily getting clients already dependent on ER services. There would need to be a significant focus on not only empowering these clients to become independent, but also on educating people within the community so that they do not become dependent in the first instance.
  1. What ‘tools’ do you see as integral to the further development of the FWC services in Australia?
* A dedicated program aimed at educating Financial Counsellors and Capability Workers with a focus on employment readiness for unemployed clients with support from local Employment Agencies, Centrelink etc. Whilst there currently are some strong connections that have been built in this space, a more dedicated focus with the resources required would enable workshops to be conducted for groups. This could potentially be a requirement of people on long term benefits that they must attend a capability/employment readiness workshop engaging with an employment agency. This could also be incorporated into schools’ education program. For example - in Year 9 where students are preparing to enter the part-time work force. At FMC we have engaged with a local Secondary College to conduct capability work-shops to which the VCE Co-ordinator has been very impressed by and discussions are now under way with regards to incorporating these work-shops into the Year 9 and 10 levels.
* Encourage shared reviews and specifications on some common technology that would enable workers to provide lower cost interventions– templates, phone and sms communication programs.

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

To date, there have been limited evaluations and research on FWC programs which have focused on identifying outcomes. Most evaluations have been small scale and focused on the utility and demographics of the program, or on levels of poverty and financial hardship. None have evaluated longer term outcomes of direct interventions, including employment outcomes or improved individual and family functioning.

KPMG’s 2015 research project found there was limited evidence underpinning FWC service delivery models, as well as limited research into longer-term outcomes achieved by financial wellbeing services. This was not because services did not achieve any longer-term outcomes, but rather because these were not measured or evaluated in any systematic way (either by DSS or by organisations themselves). With the introduction of the DSS Data Exchange in 2015, DSS is focused on a more robust measurement of client outcomes. We recognise that it is the joint responsibility of the Australian Government and the sector to build the evidence base and in a time of tightening budgets it is essential to demonstrate the impact of our services, at the same time establishing compelling case for continuing investment in financial wellbeing services. This will provide evidence to enable services to adjust service delivery to meet the needs of the clients, based on evidence of effectiveness.

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

***Questions for discussion***

* 1. What do you see as the key issues involved in evaluating the FWC Activity?
* FMC has developed outcome reporting that is appropriate to the need. This was created through the appointment of a third party to evaluate and create the framework. FMC is aware that frameworks vary and that different elements are being measured.
* Consistency of reporting between organisations is a key issue as it means that definition variation means that reports are not measuring the same element.
  1. What would you like to see as the focus of the evaluation?
* Evaluation of the service should be mapped to the Program Logic. The Domains in the program logic should be measured for the successful outcomes of the FWC such as:
  + Improved financial literacy and resilience;
  + Improved health and wellbeing including mental health;
  + Improved housing and security;
  + Ability to seek financial help; and
  + Immediate financial crisis was resolved.
* The evaluation also should include cost analysis of service provision i.e. average cost per as, average cost per hour and include benchmarking across regions in Australia to determine where and why some services cost more than others to deliver. Is this a productivity issue or related to outreach travel clients need, complex care needs etc. The evaluation should also include length and types of interventions i.e. workshops one on one sessions, time spent per case.
* Analysis of why and where clients present to services including an understanding of reasons for intervention, debt levels and types of debt.
  + A measurement is required of the wider reduction in a contributing social factor.

# **Next Steps**

DSS would like your feedback in response to the specific questions identified in this paper. Please let us know if there are any other significant issues and ideas that you think would help us improve the future delivery of financial wellbeing services. Please keep your responses succinct (suggested maximum of 500 words per section).

Following the consultation period, DSS will consider comments from all stakeholders and will release a summary report on the consultation in mid-2017. This will feed into recommendations to the Australian Government for the redesign of the FWC Activity that will take effect from 1 July 2018.

Thank you for taking the time to respond to this discussion paper and contributing to the ongoing development of the Financial Wellbeing and Capability Activity.

Should you have any questions, you may contact us at [fwc@dss.gov.au](mailto:fwc@dss.gov.au).

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# Attachment A: Qualitative responses from the FWC Sector Survey

**Background**

The FWC Policy Research Project was funded by DSS in 2015 and conducted by KPMG. As part of the project KPMG asked service providers about current service practices and opportunities for improvement. A range of responses were received, summarised below.

**Themes**

*Client centred and wrap around approaches to service delivery*

Providers noted the complexity of client’s circumstances had increased over the years, stretching the skills and abilities of providers to provide appropriate support. Providers emphasised the importance of simplifying triage and referral processes, where possible having multiple services in the one location. Providers were also keen to build organisational capability to offer long-term case work, setting up one-stop-shops or to increase integration with other organisations, which pose challenges for remote providers.

*Approaches to repeat (ER) service usage by clients*

Many providers also sought ways to better support clients who presented on multiple occasions, particularly for an ER service. Providers recognised that core education in budgeting and saving was essential, as well as referring clients to other supports appropriate to their needs. A number of providers focused on building life skills ranging from food literacy, utilities literacy and shopping to parenting and gaining working skills and improving chances of employment. Providers recognised that, for particularly vulnerable clients, it can take years to address their financial issues.

*Approaches to early intervention of financial crisis*

Early intervention was beyond the scope of some services, particularly ER because of its crisis nature. In contrast, other FWC providers reported efforts towards early intervention, such as providing community education for vulnerable groups. Telephone counselling and online information resources were effective mechanisms to intervene early to prevent future financial crises.

*Tools and information resources*

The sector uses a vast range of assessment tools, self-help materials, games and educational materials published by central organisations as well as many customised in-house materials, websites and apps. In contrast, many providers remarked on the importance of face-to-face services, and some rejected spending on technology rather than spending on services. A number of providers remarked positively about their experience with DSS’ Data Exchange as a basic client management tool.

*Integration within and beyond the sector*

Many providers reported collaborating with other non-FWC service providers, both formally and informally. However, the challenge of service providers operating in silos was still a common theme, in terms of establishing effective referral pathways and sharing knowledge and resources. Service delivery models, such as colocation, hub centres and outreach were noted as strategies to build integration.

*Sector capability building*

Providers generally expressed interest in participating in sector capability building.

1. See [www.dss.gov.au/about-the-department/publications-articles/corporate-publications/budget-and-additional-estimates-statements/budget-2016/try-test-and-learn-fund](http://www.dss.gov.au/about-the-department/publications-articles/corporate-publications/budget-and-additional-estimates-statements/budget-2016/try-test-and-learn-fund) for more information. [↑](#footnote-ref-1)