

**Future Directions of the Financial Wellbeing and Capability (FWC) Activity**

**Feedback on DSS Discussion Paper**

**Mallee Family Care Inc.**

The FWC discussion paper describes a proposal for redesigning the FWC. The purpose of the 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.

**Feedback prepared by;**

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**Information about Mallee Family Care (MFC);**

Mallee Family Care was established in August 1979 in response to the needs of the communities of north west Victoria and south west New South Wales. Commencing as part of Melbourne Family Care, it was separately incorporated in 1984.

Today it's a locally accountable provider of health, welfare and family services. Mallee Family Care runs over 60 programs funded from a variety of sources, State and Federal Funding with other grants from philanthropic organisations.

Mallee Family Care's primary objective is to create stronger more caring communities. The approach to achieve this is through provision of assistance to families and community in guiding and supporting them into more fullfilling and meaningful lives, in turn benefitting the community as a whole.

Mallee Family Care's priorities are guided by the hopes and aspirations of the communities it serves, with the range of programs and activities reflecting the current needs of the community in its cultural and social diversity.

**DSS funding at MFC**

Mallee Family Care has a variety of DSS Funded programs; including family law and relationship services such as the Mildura Family Relationship Centre, Murray Mallee Child Contact Service, Regional Family Dispute Resolution Program, Family and Relationship Services Program and the Post Separation Cooperative Parenting Program. Mallee Family Care is a current provider of the Commonwealth Financial Counselling (FC) program in the Mallee with one full time position and has been a provider of this program for several years. The agency also provides the State funded Financial Counselling program.

As the discussion paper highlights the sector has seen increasing numbers of individuals and families with a multitude of complex needs requiring levels of intervention. Within these complex needs often financial stress is the catalyst where client’s access services - financial counselling can be the gateway to other support services or on the other hand clients come to the FC program with their current caseworkers from mental health/domestic violence or other support services once financial issues have been identified. One size does not fit all and there are differences in terms of accessing supports from Metro to Rural areas.

ER provision in the Mallee is provided by Haven Home Safe, of which Mallee Family Care works closely with in terms of day to day referrals, networks, staffing supports and in many partnerships.

**Discussion Topics**

This Feedback paper will follow the noted 5 Discussion topic headings and are our general feedback to these areas - we would like to acknowledge VCOSS for assistance along with its members and would also draw attention to other feedback papers from our peak bodies, Financial Counselling Australia (FCA) and Financial and Consumer Rights Council (FCRC);

1. **Strategies to improve the targeting of services;**

Concerns around the restricted guidelines of **‘imminent risk of not being able to pay their debts’** could see those who are just starting to struggle and who come in for help early miss out on this early intervention of financial counselling. The ability to intervene before major moves from debt companies have begun, to set up a detailed budget plan, negotiate early on with debtors to give some space or interest free time is a major prevention strategy. This takes skills in negotiation and legislative requirements.

People who have a life event such as job loss or major medical issues need space and our role in ‘preventing people in financial stress from descending further into crisis’ would be cut off with this guideline as it reads now. Why would we wait until the crisis rather than prevent it??

Also this guideline worries us in terms of the elderly clients we see who are reluctant at the best of times to seek help, let alone agree to apply for a Utilities Relief Grant (URG) payment for their gas or electricity even though they are eligible and paid their taxes for years - who restrict their ‘eating’ and ‘heating’ to pay all their bills as they never want to be behind in these payments. They would not qualify under this guideline.

Another group concerning our service is that of single mothers who have irregular income due to part time work, this affects their Centrelink benefits and sporadic child support/maintenance paid – this group is most difficult to budget with whilst having major bills and the costs of bringing children up eg, education expenses and clothing let alone day to day expenses. Earlier intervention in these matters are integral to keeping financially ‘heads above water’.

Similarly with above are those who have sporadic work due to the type of work ie farming/picking work that is seasonal here in Victoria’s food bowl, and those in the casual or part time workforce who we know are mostly women. Costs of child care added to this and then for us all the current and projected costs of electricity and we are all in need.

For those who would be described as on long term welfare - well where to begin, they are on the poverty line, certainly an individual on Centrelink Newstart cannot live with rent/gas/electricity at the best of times let alone pay off other debts. For an elderly client recently widowed who has the same bills as before but with less income where to go here?

Certainly for us here in the Mallee where we have a large number of clients who get caught up in scams such as dodgy consumers deals/dating websites/pay day lenders etc with often our vulnerable Aboriginal and Torres Strait Islander communities greatly affected there may be issues with the guidelines as excluding this group. Financial counsellors undertake a lot of preventative work in the area of predatory lending (people may not be at risk of not paying debts but would benefit from advice about affordable finance and identifying dodgy conduct – then needing legal referrals). Financial counsellors assist to renegotiate payday loans before the ‘trouble hits’.

Also a major issue for our communities is the extreme weather we have, you need air conditioning in summer due to our heat waves and you need heating in winter due to our frosty cold days – we are in a desert. This means our clients have quite large utility bills not because they use power too much but becomes we need to use power. We have had many clients who come in financially stressed, struggling who are dehydrated then hospitalized in summer (our elderly/babies) as they will not put their air conditioning on due to inability to pay the costs (as the costs are just way too high), to those with the flu in winter who are trying to survive with blankets only and have many health issues.

What does imminent risk actually mean? We would seek clarification on this. Also to point out different communities need different approaches. In our rural regional area ER and FC are often the first port of call for clients struggling – these DSS services are the gateway to many other support services due to the referral knowledge these programs and staff have. Also where we are sitting in the Mallee where else can people go??

***In sum the current broad guidelines for FWC enables broad community-scale preventative work that will become more difficult under the proposed reforms and particular priority client groups will be impacted upon.***

**Strategy suggestion;**

Our financial counselling team had discussed the model of having a financial counsellor at every Centrelink office to provide ‘Information, detailed Budgeting and Planning around Centrelink benefit changes with a full financial assessment conducted’. It was felt that people moving from and on to another kind of benefit do not plan this well in terms of the financial differences and the planning that could be done with this as a prevention focus. Information on accessing affordable lending such as NILS would make clients aware of the options available to them. \*\*Prevention – before a benefit change in payments people have undergone a financial assessment rather than find out later the financial implications.

1. **Strategies to Increase Service Integration**

Integration exists now, at different levels, as the discussion paper suggests. For our service, being a large welfare provider in the Mallee, we do have an approach of ‘no wrong door’ and work to support clients holistically and take responsibility to ensure our work with clients is integrated.

Our general intake worker model at MFC is a perfect example of an un-funded role in our agency that is there solely to ensure clients who walk in/call in have someone to speak to who can figure out what is needed and where they can go for support – we do the homework, not the clients. Whether this is a referral for another program at MFC or outside at an external agency - however this position continues to support clients whilst referrals are being set up for the most appropriate service – keeping them in a kind of ‘holding pattern’. We have in the past year integrated this position into the Financial Counselling team as this was a very good fit for the team.

The co-location of the five DSS funded relationship services programs at MFC such as the FRC/RFDR/ CCS/PSCOP/FaRS along with visiting services such as the Murray Mallee Community Legal Service lawyers and our financial counsellors again shows the commitment of MFC to integrated and joined up models – like one stop shops or hubs - making access easier for clients. Our financial counsellors and these programs work closely with each other to support family violence victims and will at times work out of the DV services locally to provide timely information and advice as needed, undertake joint professional development and are on several key networks in our communities as key service providers working together.

Mallee Family Care works from a service integration framework. It has been our experience that informal relationships are just as important as those more formal, in fact, we have found this to be true many times, especially in today’s rapidly changing sectors, in particular with our Aboriginal specific services.

***In sum we are supportive of continuing and developing new service integration models however with the need to keep in mind how to do this with geographical distance with population pockets with limited technology access.***

***Mallee Family Care is supportive of working to strengthen referral pathways, however, noting that the addition of JobActive providers is a new sector altogether for us.***

1. **Strategies to Support Client Outcomes**

The move by the Government to have the focus on increasing a person’s earning capacity is understandable, however, for financial counsellors to address work readiness is problematic and concerning. Clients who are seeing an FC are usually in a very stressed state due to being chased for money they do not have, they are often suffering from mental health issues and are scared. It is important that the financial issues are addressed and dealt with before the client is able to look to the future.

The timing of having an employment conversation could be detrimental to the FC-Client relationship. These kinds of conversations would need to be client-driven, managed carefully and a ‘soft’ conversation about the future the best approach. At the moment conversations around employment come up during interviews when discussion has been undertaken on budgets and full financial assessment – in terms of 2 options; decrease costs vs increase income (employment being a potential topic here). For example; Is gaining employment/increasing hours an option and how might the client go about doing this?

Questions around employment are only able to be asked if the client is in a position to pursue this option at the time. Often clients are not able to address this due to the emotional and stressful situation they are facing at the time, such as divorce/separation, family violence, loss of employment/reduced hours, illness/accident and mental health issues. The client needs help in overcoming the crisis so that once the problem is stabilised they can move forward with a clear plan.

These are not mandatory conversations and moving to that point would be worrying as the rapport with clients who already feel pressured to look for work that is not there would then not turn up to their financial counselling appointments. Any approach in this respect needs to recognise the barriers to work, in terms of job availability, affordability and child care issues. Financial counsellors have professional standards the sector works under, are part of State and National peak bodies, have ethical considerations also to consider in their day to day work – if these conversations were to become mandatory they may be in direct conflict with the whole profession.

We are concerned that having ‘forced’ employment conversations will make us be seen as an extension of Centrelink. Clients have had negative experiences with Centrelink and with JobActive providers – if the model moved to this we would need to be very careful – this could become a huge barrier to people walking through our doors. We do not believe that in either financial counselling or ER the focus should be on getting people into work.

**Duplication of Services** – Work Readiness is already discussed multiple times with clients in their Centrelink government requirements along with JobActive providers – isn’t placing financial counseling and ER services to do the same - duplication? Hard to Reach Income Support Recipients are already linked to these Government Services – we are unsure why FC and ER services are to now do the same nor why the paper suggests we are seeing these people when they are already engaged in the Centrelink and employment agency system receiving services?

**ER Repeat Users** – Whilst we are not an ER provider we do work closely with our local provider as does our whole agency. People seeking ER are in survival mode, at these points of contact they are in crisis and discussion around future/employment are not appropriate, this again is a timing issue. However there are genuinely repeat users of ER that are in crisis regularly due to many factors with complex needs, they are needing top ups of food regularly and ER agencies manage them with restriction. We would not like to see a set way these issues are dealt with as there are many different areas/locations/issues that need to be considered in this respect. We ask DSS to consider the points given by ER providers on these issues and would consider working more closely with our local providers on these strategies.

***In sum ER and financial counselling are crisis support services/advocacy services and are not about getting people into work. There should not be a mandatory focus on employment outcomes.***

**Prevention and Early Intervention -** Research from Good Shepherd and others show that the majority of people (60-70%) are financially vulnerable in that it would only take one or two changes (like job loss) in their circumstances for them to become vulnerable. We suggest that the definition given in the discussion paper around ‘vulnerable to financial crisis’ being ‘people on income support payments and who may be at risk of bankruptcy’ may be quite limited.

DSS could improve early intervention and prevention by;

 -funding advertising on TV and Radio for financial counselling services, that can out-compete commercial/ exploitative debt management services \*\*Major need. Look at the Nimble adds – they pull at heart strings/they are traps, we need to be as savvy as these businesses but for good!

-not restricting eligibility for ER, financial counselling and financial capability services – there is a conflict between the eligibility restrictions and the early intervention and prevention goals

-fund FC services to undertake financial education strategies, for example specifically focusing on youth – getting your first job/how to budget/etc,. Along with them - their parents as this skill has been lost in our “I want it now attitude rather than save for it!”

1. **Strategies to Build a Strong Workforce;**

It is true services need to take into account the time poor nature of modern families by including online or phone services, however, along with this needs to be a recognition of distance issues and technology access points. In the Murray Mallee we have major internet connection problems as well as mobile phone black holes. Do not take away the face to face options of services. The MoneyHelp now called National Debt Helpline service, whilst having financial counsellors ‘on the line’ refers a lot of clients to our services for face to face appointments due to the complexity of issues, the vulnerability of clients’, their needs and the practicality of needing to see bills and deal with issues quickly. Most clients need advocacy with finance and utility providers. This can only be achieved in a timely manner with the client often face to face and the third party on the phone.

Continuous development and flexible service delivery are important (e.g. online services, but only where this truly suits the client).

We agree with the proposed training and development strategy and areas noted, however, again wish to emphasise in terms of employment tools, there would be no harm in the sector having training about how to have respectful, useful employment conversations, but these conversations should not be mandated.

1. **Strategies to Strengthen Evidence, Improve Practice and Measure Outcomes**

We agree that there is a need to move to a systemic way of measuring and evaluating outcomes for clients and services and seek input into the DSS proposal to undertake an outcome based evaluation of the FWC activity and we suggest the following to be considered;

-Short-to-medium term outcomes are just as important as long-term outcomes, e.g. a person retaining their home.

-It’s important to try to measure harm avoided, e.g. where a person avoids losing their home.

**Some example cases are below - where the change to the eligibility guidelines suggested in this discussion paper would have meant these 2 clients ineligible to see us with our current understanding – but look at the outcomes!**

**CASE STUDY 1**

Client was an 82 year old woman who had recently lost her husband. He had suffered from Parkinson’s disease. She lived in the home that they had owned for forty years however she was going to struggle on one pension where there had previously been two incomes coming into the household. The client wanted to stay in the home but a detailed budget showed that she would not be able to maintain household expenses as well as pay rates on the home. The option of selling the home and renting was discussed as this meant the client would not have home maintenance costs on the home and would increase her income by accessing rent assistance. Due to the emotional upheaval and stress caused by the recent loss of her husband moving house would only cause further stress for a client that was already extremely vulnerable at this point in time.

Negotiation by the Financial Counsellor with the local authority saw them giving a waiver of further rate payments until such time that the client decided to sell the home or passed on. This was a preventative measure that ensured that the client could live out her life peacefully in her own home should she wish to without the further pressure of financial stress. The client was also given information on the URG available should she need to access this in the future. Client was very relieved that she didn’t have to leave her home due to the change in her circumstances which would have only cased her further stress and heartache. The client was extremely grateful for the service provided.

**CASE STUDY 2**

Client was a 44 year old single woman who had recently had a horse riding accident and suffered facial injuries requiring surgery. She was working casually and as a result of the accident was unable to work until she had received further surgery. She had applied for Centrelink Newstart however would have to manage on a lower income until such time as she could return to work. She had a mortgage and several small utility bills. A budget was prepared to see what she was able to afford during this short term change in circumstances.

Hardship was arranged with the bank for lower payments on the mortgage and Utility Relief Grants applied for to address the utilities. After 4 months the client was able to return to work and resume normal payments. The client was most grateful as she had lost all confidence and was suffering mental health issues after her accident and wasn’t able to negotiate for herself until she had fully recovered. By addressing the issues early the client avoided going into mortgage arrears which may have led to repossession of the house by the bank further compounding her mental health issues, not allowing her to recover and return to work.

In closing, we strongly suggest DSS meet further with the sector to discuss these suggested reforms. We do agree with targeting of services to those in need most, we agree best practice needs to be shared, yes we need to capture and become more evidence based in our practice, however, on the coal face every day Australians are struggling with many health and wellbeing issues – financial stress is just one of these. Please do not lose the human ‘client’ centered focus when undertaking these reforms.