

**MISSION
AUSTRALIA**

Financial wellbeing and capability activity



Mission Australia's response to Financial Wellbeing and Capacity: Discussion Paper

Background

Mission Australia (MA) is a non-denominational Christian community service organisation, with more than 155 years of experience in standing together with Australians in need on their journey to independence. Together we stand with Australians in need, until they can stand for themselves. Our evidence-based, client-centred services are focused on reducing homelessness and strengthening communities across Australia. We provide 452 services across metropolitan, rural and regional Australia, in every state and territory and assisted 131,015 individuals in 2016.

We welcome the opportunity to provide feedback to the Department of Social Services (DSS) on the Financial Wellbeing and Capacity (FWC) framework and are pleased to note the Department's decision not to reduce the funding level for these vital programmes. In addition to this consultation process, MA further encourages the Department to engage with stakeholders in the sector by adopting more meaningful co-design approaches.

MA is currently contracted to provide a range of services funded by the Department of Social Services in sites across Australia. These include Emergency Relief (ER), Communities for Children, Reconnect, Personal Helpers and Mentors and Family Mental Health Support Services.

MA is funded by DSS to provide *Financial Crisis and Emergency and Food Relief* services in New South Wales, Northern Territory and Western Australia. Being a provider of a number of different Commonwealth and State or Territory funded community services and supports, MA is in a unique position to provide holistic, wrap-around services to the clients who are experiencing financial difficulty.

List of key recommendations

Targeting services

- Eligibility to receive supports under the FWC services should not be limited considering the importance of these services in assisting some of the most vulnerable Australians.
- Service providers must have the flexibility to accommodate and reflect the needs of the communities they support when targeting clients.

Service integration

- Contractual obligations should not be imposed on service providers to formalise relationships with other sector organisations as the service providers achieve the same outcomes with the current informal relationships with less administrative burden.

Strategies to support client outcomes

- The strategies should suit the needs and the specific circumstances of the individual. The FWC program should be focused on the wellbeing of clients. Employment or increasing income may not be feasible for some clients in the short term and currently, other programs are already focussed on these goals.

Strategies to build a strong workforce

- Adequate funding must be available to ensure the service providers are able to recruit fulltime employees who are capable of working with people who have complex needs and challenging experiences.
- Access to ongoing training must be available for the employees as well as volunteers on a regular basis to ensure the services they deliver are culturally appropriate, trauma-informed, targeted and meet the needs of the individuals.

Strengthen evidence and evaluation

- A more collaborative approach must be adopted in evaluation design, methodology and implementation. The evaluation methodology can be built into the existing reporting and evaluation mechanisms to avoid duplication of work.

Strategies to improve the targeting of services

Considering the complexity of the needs of the clients and the corresponding developments that are taking place in other areas such as employment and domestic and family violence, MA supports the adoption of a broad whole-of-government approach to the delivery of FWC related services. However, it is imperative that the new service alignment approaches offer appropriate consideration to individual needs and circumstances and to ensure the changes do not overburden the service providers as well as the clients.

As recognised in the discussion paper, as an ER service provider, MA supports a large cohort of people who are faced with multiple and complex issues.

“It is not fun to ask for Emergency Relief funding and people only come to us when they are in serious financial hardship. There is a significant amount of stigma around getting these kinds of supports. People will pay bills and go hungry rather than not paying their bills. One of the successes of the program is that it is flexible and can help people in crisis.” (Program Manager, WA)

MA is concerned about the proposed limitations to receive supports under FWC, particularly the restrictions to provide ER to *those at imminent risk of not being able to pay their debts*. Which clients and situations can be classified as *‘imminent risk’* is open to interpretation and this can adversely affect the consistency of service delivery across Australia.

“These proposed changes may add unnecessary hurdles for people in crisis situations to receive essential supports if they have to produce evidence to prove that they are at imminent risk of not being able to pay their debts.” (MA Area Manager –WA)

MA service providers have noticed a significant increase in the demand for ER in recent months. Large numbers of people rely on these supports and the demand far exceeds the funding capacity of the service providers. For instance, MA’s Emergency Relief program in Geraldton WA is able to support approximately 15 people a week at current funding levels, but receive about 100 - 150 phone calls a week requesting or inquiring about ER. In addition to handling the large number of phone calls and visits, the service providers also have to manage administrative tasks whilst adhering to data collection and reporting requirements with limited financial and human resources.

“The savings from narrowing down eligibility will be minimal or negligible. These eligibility changes will only add to the administrative burden of the ER service providers.” (MA Area Manager –WA)

Currently, FWC providers engage with clients to increase financial literacy and improve capacity to make informed decisions about their financial future. Limiting eligibility for FWC services will be counterproductive if people who would benefit from these services are no longer able to access these services to resolve their financial issues.

The success of MA’s service provision is a result of the strong and ongoing engagement with the communities as well as the ability to provide person centred, wrap-around services. People in need of ER in crisis situations often require additional supports including access to safe and affordable housing (transitional and permanent), mental health and, addiction and drug abuse related supports, specialist services for families, children and young people and financial assistance. MA services are usually situated within the same premises, enabling clients to receive holistic supports to meet diverse and complex needs.

Different organisations providing FWC services have adopted different models to ensure that services provide equitable access to those who need the services the most. These strategies include triaging clients based on the level of need, filtering clients based on prior engagement with the services and redirecting clients to other services (i.e. churches and charities) providing similar assistance. For example, considering the vast demand for the services, in some locations, a repeat ER client has to wait for 4 months to access MA’s ER services (unless exceptional circumstances are presented).

In addition to the internal processes of the organisations to make the services more accessible, MA recommends raising awareness about these services.

Strategies to increase service integration

MA understands the importance of the broad underlying rationale behind identifying strategies to increase service integration to strengthen referral pathways. However, we oppose any requirement that contractually mandates service providers to establish formal relationships with other sector providers and stakeholders.

ER provides a valuable complement to other community services, particularly services aimed at reducing homelessness. Given the broad range of services delivered, an organisation such as MA has the capacity to liaise with other complementary services and supports also delivered by MA or delivered by organisations in our broader network, thus, there is limited need to have formal agreements with third parties. For example, the Case Managers of MA's NAHA Homeless Accommodation and Support Service advocate on behalf of their clients, and refer them to other support services such as Women's Health and Family Services, St. Vincent De Paul, Communicare, Access Housing, Multicultural Services Centre, GIVIT, Centrecare, City of Canning, City of Gosnells, and also the Mission Australia ER Program.

Case Study

The NAHA Transitional Housing Program is unable to assist clients with direct financial support as the program does not have access to brokerage funds. Therefore, the case manager assists clients to access food and fuel vouchers from the Emergency Relief Program based at Wattle House, Maddington (WA). The case manager also refers them to mental health and support programmes like life skills. In order to provide other immediate transitional supports such as furniture & white goods, the case manager approaches other organisations such as the St. Vincent de Paul Society, GIVIT, Salvation Army Opportunity shops and coordinates additional resources from private donors.

Currently, the service providers have a certain degree of flexibility in relation to working with other sector organisations. Entering into formal relationships and partnerships has the risk of limiting the capacity and flexibility to work with other players in the sector. Moreover, these agreements may require service providers to share client information and create potential situations that give rise to conflicts of interest or pose client confidentiality related issues. This would require the service providers to obtain consent from the clients to share information with other services and add further administrative responsibilities.

Maintaining formal relationships with other sector providers may be particularly difficult for services in rural and remote areas where services are thin on the ground and are often fly-in-fly-out. In remote areas such as Meekatharra (WA), a Financial Counselling (FC) provider visits once a week to provide services. Moreover, the incentives are inadequate to encourage a permanent employee to be based in these remote areas and as a result there is a high staff turnover.

"It is difficult to maintain relationships with other organisations in these more remote areas when the status quo changes too frequently. It would be administratively burdensome and complicate things more." (MA Area Manager - WA)

Thus, contrary to the Department's intention to reduce red tape and simplify funding application processes, imposing contractual obligations to build formal relationships will add further administrative burdens on the service providers.

Strategies to support client outcomes

Employment

Sustainable and meaningful employment is an important aspect of getting control of a person's financial stability. However, for many people in crisis situations or financial distress, there are many other pressing issues to be resolved before addressing work readiness, such as mental and physical wellbeing, alcohol and drug issues, crisis accommodation, schooling and/or childcare and access to transport. Therefore, food security, safe housing for their family and health needs may often take priority over employment.

Clients receiving ER supports do not engage with the service providers on a regular basis, especially where there are time limitations in relation to accessibility for repeat clients. This does not allow for the provision of ongoing support for clients through ER. Although service providers are able to provide basic information about employment services and referrals, they are not in a position to engage in meaningful conversations or longer-term support in relation to employment.

The service providers including MA are embedded in the community and have developed strong relationships with the local communities over a long period of time. However urging clients in crisis situations to obtain or work towards obtaining employment may result in people mistrusting the services provided by community organisations and discourage them from engaging in the future.

MA has continuously highlighted the importance and effectiveness of the provision of income supports to assist people who are faced with financial difficulty. It is widely accepted that the current Newstart Allowance and Youth Allowance payments are too low and are acting as deterrents to people looking for employment and this often forces people to make poor decisions due to the inadequacy of financial supports. Therefore, we strongly encourage the Government to address the adequacy of current payments prior to developing additional frameworks exerting further pressure on people receiving financial supports to find employment.

Case Study

MA is supporting a young single father who receives the Newstart allowance and 50 per cent of the parenting payments which are largely insufficient to support his family... The client was referred and received the services of a Financial Counsellor to manage his outstanding debts and his application for bankruptcy. He was also supported to set up a budget and obtain supports from Hardship Utility Grants Scheme (WA service). He was also provided with fuel cards under the ER program, most recently to get him to his part time job he has just secured.

The JobActive scheme is premised on the principle of providing job seekers with more choices in relation to the employment service providers. Involvement of Financial Counsellors and other FWC providers in this process may restrict job seekers' capacity to exercise choice. There is also the possibility for duplication of work as responsibilities of work readiness and developing employability skills lie with the employment service providers. This may also increase the compliance burden on vulnerable people at a time of crisis.

The challenges faced by people facing financial crisis are further exacerbated by the lack of supply of jobs. The national unemployment rate remains close to 6 per cent and under employment rate is over 8 per cent.¹ According to Department of Employment data, Local Government Areas (LGA) with over 50 per cent of unemployment rates is in Queensland (Auruakun 66.1%, Palm Island 57.3% and Yarrabah 53.1%).² This data set also indicated that a considerable number of LGAs have very high levels of unemployment across Australia. A recent report revealed that 40 per cent of Australia's youth are either unemployed or underemployed.³

The difficulties in obtaining positive employment outcomes are even more challenging for Aboriginal and Torres Strait Islander people, people from culturally and linguistically diverse communities as well as people with disability, carers and people who are older. Thus, measures should be adopted to bridge these gaps before passing the burden to people who are struggling to support themselves and their families.

Enhancing Stability and Resilience through ER

MA has not witnessed a deliberate over-reliance on ER services. Some of MA's ER service providers have self-initiated processes to limit repeat clients within certain timeframes through internal screening mechanisms. Repeat ER clients are also referred to financial counselling supports as appropriate.

In addition to the personal circumstances of the client, there are a number of other factors that play a role in requiring clients to seek ER more frequently than others, these include, the considerable price variation in metropolitan areas and rural and remote areas, incurring higher costs of travel to obtain ER services and number of people in the household.

"A single mum with six kids can't realistically be expected to reduce her costs" (MA Program Manager WA)

Focusing on increasing income may not be a viable option for some clients who are experiencing multiple crises at once. Many clients access financial supports, especially ER as a last resort after being in perpetuating financial difficulties. These clients may need assistance to address immediate concerns around general health and wellbeing and access to housing as a priority.

Having to continuously prove that individuals are taking proactive action to improve the financial conditions including obtaining employment may unnecessarily burden people who are already facing many challenges including entrenched poverty. In some cases, irrespective of the clients adopting measures to manage their finances, some expenses such as utility payments, expenses in relation to

¹ Australian Bureau of Statistics, Labour Force Australia, 6202.0 - Labour Force, Australia, Feb 2017, accessible at: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>

² Department of Employment, LGA Data tables — Small Area Labour Markets — December quarter 2016, accessible at: <https://docs.employment.gov.au/node/34693>

³ Brotherhood of St. Lawrence, *Generation Stalled Young, Underemployed and Living Precariously In Australia*, March 2017, accessible at: http://library.bsl.org.au/jspui/bitstream/1/9409/1/BSL_Generation_stalled_young_underemployed_2017.pdf

children and expenses on basic groceries will increase over time making it hard for the clients to manage their finances.

Prevention and Early Intervention

As identified by the research conducted by KPMG, approaches to early intervention through community education and counselling are more effective mechanisms to prevent future financial crises. Providing access to the FWC supports, assisting people to resolve other issues including those relating to health and wellbeing, housing and provision of long-term case management and supports can also be considered preventative and early intervention measures.

Centrelink is often the first point of contact for people who are in financial difficulty or facing a crisis. Centrelink is therefore in a position to provide early identification and appropriate referrals to financial literacy and other necessary supports.

Strategies to build a strong workforce

Under the current arrangements, 30 per cent of the funding is dedicated for administrative services and salaries. Often, this is not sufficient to cover the salary cost of employees administering the program in the field, thus, MA uses staff from other parallel programs to deliver the services. The role involves working with clients, developing relationships, administering the ER program and other relevant tasks under different projects. The ER service providers, where possible and appropriate, also provide basic financial counselling and assist clients to navigate the support system before they are referred to other services.

Due to the nature of the clients and the complexity of their situations, the ER staff will benefit from having access to up-skilling or reskilling training on suicide intervention, responding to aggressive behaviour, an understanding of mental health, trauma informed care, cultural competency in service delivery as well as access to counselling.

“The staff member screens and manages a large number of phone calls a day. Just before Christmas, we received over 100 distress calls asking for support. Some of the callers were desperate for help and had suicidal ideation.” (MA Area Manager –WA)

A high level of skills, expertise and experience is required when working with clients who are experiencing significant financial distress coupled with other crises in their lives. The techniques in asking questions to obtain information, cultural competency and understanding about other available supports are necessary to ensure that clients receive holistic and timely supports. MA uses paid and skilled staff to administer the ER funds and this facilitates a better service for the client with a feeling of safety and access to referrals and other supports as well as managing the stress placed on these employees with appropriate training and management support. ER staff needs to balance a compassionate response with responsibilities to balance the budget. Due to the nature of the service and the conditions of the clients, a substantial reliance on volunteers is not desirable.

Strategies to strengthen evidence, improve practice and measure outcomes

MA is supportive of frameworks that focus on improving practice and building the evidence base. As discussed above, a person accessing financial services may also obtain other complementary supports such as housing and homelessness, mental health, family violence and the like. Thus, the evaluation mechanisms should be sophisticated enough to capture a more holistic picture to measure the impact of the whole suite of services and not just FWC.

It is vital that these processes do not result in requiring service providers who are already working within tight timelines to dedicate more time to gather evidence and complete evaluations, adding considerable administrative burden on service staff. It is also important that evaluation is not too intrusive for vulnerable clients who are seeking to meet their basic needs.

The Department could utilise the current reporting mechanism as a source of information to build the evidence-base and evaluate the programs, also bearing in mind that different service providers have adopted different service delivery models to suit the needs and conditions of the communities. Evaluation activities should be adequately resourced and budgeted for, factoring in staff capacity over the duration of these activities. Evaluation activities often require long timeframes to ensure meaningful change is captured over a period of time. When planning for these activities DSS should ensure that these timeframes are worked into evaluation frameworks. It will also be important to ensure that evaluations are undertaken independently, where possible, to ensure results are valid.

We urge the Department to work more closely with service providers to align current and proposed evaluation frameworks, ensuring that a more collaborative approach is taken in evaluation design, methodology and implementation.