VincentCare Victoria

# Submission to Commonwealth Department of Social Services in response to:

*Discussion paper - Financial Wellbeing and Capability Activity (January 2017).*

**March 2017**

## Introduction.

VincentCare Victoria welcomes the opportunity to make this submission in response the Department of Social Service's Discussion paper on Financial Wellbeing and Capability Activity.

VincentCare Victoria is a not for profit ASIC registered company (ACN 094 807 280) established by St Vincent de Paul Society in Victoria 14 years ago to operate, grow and evolve the Society's government funded programs, that respond to its mission of deep disadvantage, some dating back to the early 1950s, for people of all ages. It has grown to deliver a comprehensive range of services ($23.5m revenue in 2015-16). VincentCare Victoria operates services and programs covering:

- homelessness crisis (we are one of the three main homelessness crisis accommodation and support services in the City of Melbourne)
- homelessness early intervention and prevention
- housing, including transitional and supported housing
- youth homelessness and justice programs
- community aged care and allied health therapies
- alcohol and drug treatment and recovery
- family violence crisis support, accommodation and recovery
- Emergency Relief, Financial Counselling and Financial Capability
- Disability Social Enterprise

Our services and programs operate across a large catchment area in Melbourne's North West, the Bayside-Peninsula region of Melbourne and north central and north eastern regional Victoria. Specific programs such as our Ozanam House men's crisis accommodation facility and our Youth Justice Homelessness Assistance Program are state wide programs. VincentCare Victoria and its subsidiary, VincentCare Community Housing, are governed by a nine member skills-based Board of Directors.

## Our response to the discussion paper.

We have chosen to respond to all of the discussion paper sections and questions. We have prepared separate answers to each of the discussion paper questions as detailed below.

## 1. Strategies to improve the targeting of service

**1.1 What impacts do you expect restricting eligibility criteria in the manner proposed above will have on your service? (*i.e. To restrict ER and Financial Counselling to people at imminent risk of not being able to pay their debts; and restrict Financial Capability to people receiving some form of social welfare payment, experiencing family violence, or immigrants/non-citizens)*.**

As VincentCare operates services across hubs with three distinct populations, we have the capacity to observe the differences in potential impacts.

*The people who currently benefit from our FWC programs.*

At our drop in and crisis accommodation where we deliver services for people who are experiencing homelessness, all participants would continue to be eligible if the criteria were changed, as many participants of Emergency Relief and Financial Counselling are at imminent risk of not being able to pay debts. The mechanisms by which people have debt can include credit cards, utilities, personal loans, and pawn shops. Even at our homelessness hub in Melbourne's north-west, from where we operate a large homelessness early intervention and prevention project, and people are not yet actually 'out on the street', rent in arrears is a large debt problem which creates a risk of loss of

housing. For those people who use our homelessness drop in centre or crisis accommodation on the edge of Melbourne's CBD, and who reside in substandard and marginal accommodation, their debt can exist in relation to rooming house accommodation.

We see a different picture amongst our rural users of FWC programs in central and north-eastern Victoria. While these rural clients might have higher levels of stability in relation to their housing, they still live from one Centrelink or employment pay day to the next, and experience shortfalls on a regular basis. Unexpected expenses such as medications for a sick child, or a car breakdown can then place these people at risk of entering a formal debt arrangement. Our view is that averting short term crisis with some form of emergency relief and avoiding costly and onerous debt traps through timely access to financial counselling (e.g. to review a potential loan contract) are very important early intervention and prevention strategies. They can lead to similar reduction in crisis outcomes as do homelessness early intervention and prevention programs that can offset rent in arrears with brokerage.

*People who risk being excluded if the eligibility criteria are changed.*

The proposal to restrict Financial Capability to people receiving some form of social welfare payment, experiencing family violence, or immigrants/non-citizens would mean that people who are sometimes described as "working poor" would miss out on important interventions focussed on preventing hardship or building financial resilience, such as group education on consumer credit laws, or opportunities to strengthen personal budgeting. This may also include providing people with advice and assistance to establish personal expenditure controls where a person may have other factors such as mental illness, alcohol and substance or gambling addiction and whose resulting behaviours create adverse financial consequences.

VincentCare Victoria's programs also see a large number of clients with mental illness. Often their debts are not that significant, but have become a crisis for them. We have been very successful in being able to resolve a large number of financial issues for people under these circumstances. Interventions have included teaching clients smarter shopping skills and planning menus. Both of these interventions combine a focus on healthy nutrition choices that reduces people's purchases and consumption of take-away food. Other interventions will include supporting people to adopt utilities payment plans or even review their accommodation arrangements if they have been left with a large rent. This can occur when another adult dies, moves into care, there is a relationship breakdown, or an adult child or other co-inhabitant simply moves out of the house. These situations leave the one remaining person with a rent they cannot pay on their own.

Because many clients experience personal challenges apart from low incomes and low equity base, we find that many are susceptible to financial scams – some of which may be related to offers of employment or opportunity to engage in a 'start-up' business. Needless to mention, unscrupulous behaviour also includes 'creditor harassment' when people have signed up to long tail financial commitments they are unable to meet. People need an authoritative, accessible and non-conflicted source of advice before entering any such arrangements where there is the potential for exploitation through financial counselling and financial capability programs. Personal due diligence is something that needs to be acquired like any other civic skill such as driving or health related decision making.

Another group of people who may miss out on financial counselling are separating couples. It is difficult to gain reliable estimates, but at least one estimate is that 1 in 3 marriages eventually lead to divorce[1]. More authoritative data[2] indicates that national divorce numbers have remained steady at

[1] http://www.mccrindle.com.au/resources/Marriages-and-Weddings-in-Australia_Infographic.pdf

approximately 48,000 per annum from 1995 to 2015 with the Australian crude divorce rate steadily declining over that time (as a consequence of an increasing background population size) from 2.8 to 2.0 divorces per 1000 population. Median time from marriage to divorce has increased slightly from 11.0 years in 1995 to 12.1 years in 2015. This group of people need financial advice to ensure the financial stability of re-forming new households.

*The potential impacts of eligibility screening.*

We estimate that each initial occasion would require 5-10 minutes to explain and undertake screening for the eligibility criteria. However, the more substantial time impact would result where people were found to be ineligible, and we would subsequently need to inform the person about their ineligibility and then need to provide the person with advice or generate referrals to other avenues of assistance. This would likely take between 30 and 45 minutes.

Moreover, screening would create apprehension and therefore become a barrier for many vulnerable groups of people such as people with mental health problems, those who have cognitive disabilities and older adults.

There are other groups who would experience stigma. With regard to older adults, there is often a great stigma attached to receiving any form of welfare assistance. An example would be self-funded retirees who have only modest incomes, but have, for a range of reasons, found themselves in financial crisis. This could include older parents who have supported adult children with gambling or drug and alcohol issues. They may have, themselves, experienced financial elder abuse. The Australian Institute of Family Studies (AIFS) notes in its review of findings on elder abuse research[3] that,

> *In 2014-15, the most commonly reported type of abuse to the EAPU[4] helpline was financial abuse, accounting for 40% of reports, compared to 35% for psychological abuse, which had been the most common type up to 2012-13.*

Our first case study below highlights the issue of elder abuse and financial abuse also occurring outside of the family context, and that elder abuse should certainly be regarded as an important eligibility criteria for all forms of Financial Wellbeing and Capability programs.

Another group who also experience stigma are farming families who, when they come to use an FWC program, may be engaging for the first time in generations with 'welfare services' to meet their family needs. The stigma is complex, nested partially in self-perceived failure, but also a fear of having failed or being a burden on the community. Adding eligibility barriers is the opposite of what these people require, when they require low barriers and encouragement to access these programs.

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

VincentCare Victoria has found that there are different strategies which vary according to the population group which is being targeted. Our metropolitan based homelessness hubs comprises of one in Inner Melbourne which assists single adults who have experienced chronic or repeating homelessness, and one in the northern suburbs which services the northern and western suburbs

[2] Australian Bureau of Statistics (2016). 3310.0 Marriages and Divorces, Australia, 2015 Released at 11.30am (Canberra time) 30 November 2016. www.abs.gov.au

[3] Elder abuse Understanding issues, frameworks and responses Research Report No. 35 – February 2016. Australian Institute of Family Studies. Sourced: 21-3-17 from https://aifs.gov.au/publications/elder-abuse/3-what-known-about-prevalence-and-dynamics-elder-abuse

[4] Queensland Elder Abuse Prevention Unit.

and works more with families who have children and youth. At these two hubs an effective strategy has been to utilise our existing Intake and Assessment program, to identify people who are both eligible and in need of FWC programs. We also identify and refer people to our FWC programs from the other program and service pathways where we have been supporting clients and which focus on:

- homelessness risk and crisis,
- alcohol and drug harm minimisation and recovery,
- youth homelessness,
- family violence crisis response, refuge, housing response and recovery, and
- homelessness recovery programs that work with people who have experienced chronic homelessness and who have multiple and complex needs including mental illness.

We find that rural communities, particularly smaller and more isolated locations, are typically poorly serviced by public or community transport resulting in high reliance upon personal means of transport. People seeking FWC assistance are often driving older vehicles that have poor fuel economy and are costly to run. Their vehicles, because of their age, are also highly susceptible to mechanical breakdown, sometimes un-roadworthy and, therefore, repeatedly in need of repair. Subsequent repair costs can be a trigger for seeking FWC assistance. Fuel is generally more expensive and combined with low fuel economy vehicles, large distances travelled and low access to alternative transport, it is inevitable that people often require fuel cards to address household budget shortfalls.

The very nature of some rural communities and the economic and industry changes that they have experienced since the early 1990s has resulted in under employment and pockets of disadvantage. This is added to by an inflow of people on low incomes attracted by the relatively reduced cost of rental or purchased housing. This latter group comprises a segment of people who are not necessarily well connected to other more established members of the community, and therefore lack access to informal supports, in terms of material assistance or who can gain transport assistance through a family member or friend.

Consequent to these circumstances, in which people experiencing hardship in rural communities find themselves, an outreach based service for Financial Counselling and Capability supported by partnerships with local volunteers to administer Emergency Relief has been the critical success factor of our strategy to deliver FWC programs across eight communities in North Eastern Victoria.

## 2. Strategies to increase service integration.

### 2.1 What would help you to strengthen cooperation with other services (e.g. family support services and job network providers) in your community? What additional support would you need to achieve this?

We have already experienced cooperation with other services such as family violence, homelessness, alcohol and drug programs by virtue of these being part of our own internal mix of programs. It is our internal service delivery model to clients that ensures the effectiveness of internal referral pathways.

***Flows of referrals.***

Where we have co-located services with our FWC programs at our housing and homelessness hubs, approximately 50% of Emergency Relief clients are referred to our other programs. In our rural services setting, where we have an established base of mainly family violence programs, we are more likely to receive referrals for Emergency Relief from our family violence crisis support service. However we find that our Financial Counselling and Financial Capability programs refer from 30% to 40% of clients to a range of other programs, including to our family violence services, possibly

because these programs work at greater depth with clients than Emergency Relief (see further below regarding case management) and are therefore uncovering family violence issues.

However existing partnerships and longstanding relationships have enabled us to build further referral pathways and cooperative arrangements for our FWC programs. For example, our metropolitan based FWC program provides monthly in-reach services to public housing tenants in an inner suburb of Melbourne in partnership with a major community health service.

***Working with client who have complex needs.***

The two de-identified case studies below highlight the work that occurs through cooperation with other services in rural Victoria.

**Case Study No. 1**

Our Financial Capability worker supported a client living with significant mental illness (schizophrenia) in a Victorian regional town. This occurred in partnership with a number of other health and human services including the Area Mental Health Service and Centrelink as well as the utilities suppliers.

Our concerns from a FWC program perspective (taking into account Financial Capability, Financial Counselling and Emergency Relief were:

- Exploitation by other people involving the misappropriation of both money and food.
- The client's subsistence on a diet wholly comprising of breakfast cereal
- Failure to pay gas and electricity bills with the prospect of actual/imminent disconnection.

Actions that were taken:

- Our FWC program advocated for reconnection of the client's gas supply and to avert disconnection of his electricity supply. This included updating the suppliers with the client's pension details to qualify for eligible discounts and covering $600 in arrears using emergency relief funding.
- Arranging income management with Centrelink to ensure regular fortnightly payments of his utilities
- Supporting the client to shop to a shopping list and a pre-written weekly menu. This had a dual benefit of addressing nutritionally-related physical health issues as well as financial issues.
- Assisting the client to take out intervention orders against people who were financially abusing the client to prevent these people from making contact with the client.
- Ensuring that ongoing supports would be coordinated through the client's Area Mental Health Service case manager prior to our closing the case.

**Case Study No. 2**

In another rural town, our Financial Wellbeing and Capability program supported an older person aged in their eighties. The agencies included the town's community health service and Centrelink.

- The client was very socially isolated with no family or friendship supports.
- The client was prone to becoming confused and therefore would become overwhelmed by any budgeting, managing money and payment of bills.
- They were consequently in arrears with their utilities bills.
- Nonetheless, it was still very important to this client, and appropriate with regard to their intact capacities and rights, to maintain control over their finances.

Actions:

- We used Emergency Relief to address the arrears with the client's unpaid bills
- Payment plans for the client's regular bills were established through Centrelink's CentrePay mechanism.
- Importantly, the social worker at the community health service undertook to arrange the client's CentrePay facility, creating an operational efficiency for our program

***Working with employment services.***

Maintaining links with Job Active providers is important. At present we are also working closely with employment services providers in two rural towns.

In one partnering arrangement the Job Active provider supplies our FWC program with a room one day per fortnight and is referring their clients for FWC assistance.

We similarly receive referrals of clients from the other Job Active provider service and are also delivering financial literacy group discussion sessions to their clients at that service.

Overall we are receiving more referrals than we are making. While we consider this work to be a priority, especially in our rural based program, it is difficult to commit sufficient time to engage with each Job Active provider in every location.

*Structural issues that limit labour market participation for some clients.*

Our difficulties with other clients are often that they are not work-ready. Single parents of very small children may opt to remain on parenting payments if they have broken relationships and therefore cannot rely, as many parents do, on informal family support for child minding. People (often women) in such circumstances who may need to rely upon formal childcare services find that the cost of childcare exceeds the remuneration they would receive in low paid work. Moreover, for many people who experience continuing financial hardship and have low levels of vocational qualifications, experience or skills, their employment is often limited to highly casualised and out of office hours work in commercial cleaning, hospitality or disability/ aged care. It is therefore even more difficult to secure childcare that is safe and affordable, and accessible both after hours and at short notice to enable them to meet the demands of their employers.

Our clients who have experienced chronic homelessness may have employment as a lower order priority to that of acquiring safe, affordable and secure accommodation (this is a stable base

everyone needs if they are going to work each day). Notwithstanding housing, there are other first-order issues such as treating active mental health and alcohol and drug dependency issues which would otherwise severely adversely impact their employment prospects.

These people also require better bridging programs into employment. For many years this gap, due in part to the provider payment and star rating system under Job Network/ Job Active programs, has provided little incentive to undertake the long term work to build employment capability for this group of people in the community. With the exception of Australian Disability Enterprises (who only receive money for client support of a person who has a diagnosed disability) social enterprises do not receive government funding – and yet social enterprises can provide an important bridge for people who have experienced long term disadvantage in gaining a foothold on the first rung on the employment ladder.

### 2.2 What effect will the requirement to formalise relationships with other organisations have on your service? How do you see these relationships working to maximise their effectiveness?

Establishing a requirement to formalise relationships with other organisations would have the potential effect of cutting across our existing partnership framework. VincentCare Victoria has a sophisticated partnership framework in place which uses different tools to govern relationships depending upon the nature of the partnering. What is important is that partners determine and negotiate the required tools and governance arrangements for the partnership, and that these are not externally prescribed. External prescription would lead to red tape and duplication. It may be better that the Department limits their approach to seeking evidence that there is something that formalises the relationship.

The unintended consequence of over-prescribing the terms of the relationship would be that some organisations may determine the partnership terms to be inappropriate, too risky or onerous. Ultimately, organisations enter such relationships based on their own evaluation of costs, benefits and risks. It is questionable that a third party, such as government would achieve any benefit in forcing the terms of a relationship.

### 2.3 Where is integration / collaboration of FWC microfinance services with other FWC services occurring across the country? Is there a way these relationships could be better supported?

An important area where we do feel our FWC programs in Melbourne could benefit from stronger links are with microfinance programs that can prevent people from entering into legally binding debt spirals with other lenders whose terms are onerous or lenders who engage in unscrupulous and questionable practices. It is important to avoid crippling debt, while still being able to borrow money for household necessities and critical repairs.

The geographic and relational proximity of the program and operating in a local context are important factors for successful linkages. These programs need to operate with commitment to the client and the local community. We have experienced some difficulties in client referrals receiving a slow response. We have also seen clients being prematurely ‘closed out’ because of weak linkages where the provider is located a long way from the service delivery setting.

What is also required in building these relationships is the time to set up and hold planning meetings, develop Memoranda of Understanding and referral protocols and then to closely manage these relationships on an ongoing basis.

Partnering work can deliver large benefits and even operational efficiencies to clients and organisations, but requires considerable upfront and ongoing investment of people's time. This, in turn, requires a critical mass of work not just focussed on the relationship, but to ultimately operationalise good will as concrete and reliable systems and processes that result in high quality client facing activities and effective and measurable outcomes.

Given that the present funding regime for FWC programs is heavily focussed on client-facing outputs (and even then, not sufficiently resourced for some aspects of this), there is a need to redevelop funding formulas to enable this non-client facing work to be performed. One means is to simply enhance the existing funding streams. The other is to establish a specific "capacity building" funding stream to enable this work to be undertaken.

An alternative approach altogether would be to fund all substantial FWC programs, using as one example the program operated by VincentCare Victoria which combines Emergency Relief, Financial Counselling and Financial Capability, to operate their own Microfinance programs outright.

**2.4 What elements would need to be present to ensure a hub model (*where financial counselling and capability combine alongside access to no and low interest loans and, in some cases, provide additional services, to strengthen employment and family functioning outcomes*) is successful in your community? What additional support would you need to establish a hub in your community?**

We are very supportive of a model which enables us to provide Financial Counselling, Financial Capability and Emergency Relief. These programs are highly complementary and we gain efficiencies and better client outcomes through having these programs work together. It would be extremely beneficial to add to this mix of services the capacity to assist people to gain access to employment. We feel that there are four components to the way this could be achieved:

- A support role that works with the people that Job Active providers are unable to adequately support because of the nature of the way the scheme operates. Our long standing experience is that there are a group of people who fall between the cracks. They may never have been diagnosed with a specific disability and are therefore neither serviced by Disability Employment Service Providers nor well supported by Job Active.
- A capacity building role that engages with local employers to find niche employment opportunities for clients
- A grant round to seed and sustain social enterprises
- A pre-grant funding round to enable organisations to develop options papers for viable and feasible social enterprise initiatives.

This, in our view, would be the role of a truly comprehensive Financial Wellbeing and Capability hub in any community, especially communities where there is evidence of high levels of disadvantage (e.g using SEIFA IRSAD scores). Many of the clients who use our FWC services rely upon Centrelink payments for the major component of their income. Their low incomes are an important factor in their financial distress. Most would prefer to earn an income and not have to receive welfare payments.

There is a need to expand the range of alternative pathways to support these people into employment. People experiencing financial hardship and un/under employment in rural areas, remain in tight employment markets because of a now longstanding crisis of unavailability of secure and affordable housing where there might be some employment opportunities.

Other people with multiple and complex needs carry many factors which contribute to their labour market disadvantage. Social enterprises can create the important stepping stone that people need to become job ready in mainstream employment.

Our own Australian Disability Enterprise (ADE) in southern outer metropolitan Melbourne uses a reverse integration model and employs, at any one time, 15-20 people who do not have a specific disability, but who have experienced long term labour market disadvantage for other reasons. We have learned from our ADE this can create an important transitioning step into mainstream employment. There is insufficient incentive, appetite or even skills among mainstream employers to make enduring commitments to employ people who require a substantial period of time to become as productive as their co-workers. There is also an ever present veil of stigma and discrimination that operates below the radar so that people with signs of mental health issues or a disability generally do not 'get a look in'.

We therefore strongly advocate for the FWC program to invest in the development of social enterprises.

**2.5 What elements and innovative practices would be particularly key in establishing a hub model in a rural and/or remote service delivery context?**

Our own evidence is that a hub model needs to operate as a "hub and spoke model" in the rural setting which we have earlier described in our response to Question 1.2 . An in-reach model into local communities not only provides critical services access to otherwise isolated clients, but also ensures that we build effective links with other local organisations and community groups (e.g small church based groups providing material and practical assistance) in what we would describe as a "place based approach". This means working with the community, not simply coming in from outside to just deliver a service.

Adding to this line of a placed-based approach, VincentCare Victoria has also ensured that FWC programs in the regional setting are highly culturally appropriate with regard to communities who identify as Aboriginal or Torres Strait Islander. Our Financial Capability program in one rural region has worked with members of an indigenous drug & alcohol group to assist members to increase their financial literacy. We have used the culturally accessible and safe means of 'story-telling', teasing out useful learning from swapping of stories amongst groups' members participants. This is the most culturally appropriate way of sharing and growing knowledge.

Technology such as internet based consultation would be a useful innovation. However, this would require investment in the hardware, secure infrastructure and training – especially where small groups of older volunteers might be involved.

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

We have already described, in our response to question 2.3, those mechanisms to support partnering and the need to recognise the input required in terms of staff time. We have suggested a component could be added to existing funding streams, or a separate funding stream be created to support partnership and integration work.

We have also advised that funding services to deliver all three components of Financial Counselling, Financial Capability and Emergency Relief is both an effective and more efficient model. The efficiency dividend is derived from not needing to engineer and manage partner relationships if these components are otherwise delivered by separate organisations. It makes sense to partner when organisations deliver quite different outputs or have very distinct specialisation or expertise. However, Financial Counselling, Financial Capability and Emergency Relief are very related areas of

work between which there are very frequent interactions. Where there is such a high level of interaction, it is more efficient to bring these into the sphere of operations of one service.

## 3. Strategies to support client outcomes

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

***Wrap around support.***

In summary, our strategy for our Financial Wellbeing and Capability Program commences with the provision of Emergency relief, to assist people over a financial hump, most often signalled by the non-payment of bills for necessary items such as utilities. The next step is to undertake Financial Capability work focussing on:

- budgeting,
- advocacy to utilities providers,
- negotiation of debt repayment plans and
- establishing a CentrePay plan.

The third strategy is Financial Counselling. This focusses most often on larger debt management financial options and advocating and negotiating with creditors or other relevant parties to loan agreements and borrowing arrangements.

Our experience, even prior to gaining funding to deliver Emergency Relief, Financial Counselling and Financial Capability programs, is that certain groups of clients require assistance with budgeting and capacity building in financial literacy. This tends to be our youth clients, and clients with specific incapacities brought about by cognitive disabilities, mental illness, substance use or chronic homelessness. Adding Financial Capability workers to our services has created additional capacity and focussed capability. The range of activities has extended into group based sessions focussed on enhancing financial literacy, which would not be ordinarily delivered by homelessness caseworkers. Not all clients who are at risk for homelessness require this type of capacity building. Women who are escaping family violence circumstances, for example, and even families struggling on the margins, are often very good at making ends meet – but their financial means are insufficient to meet necessary expenses. In family violence situations, the advocacy and specific capability of a Financial Counsellor is a critically important element for assisting women to resolve debt and other financial obligations created by former partners/ perpetrators.

Coupled to all work is a layer of referral, encouragement and motivation interviewing to support clients to make decisions based on their best interests to resolve their current financial situation. We are very conscious of the burden of stress that many of our clients carry from the many traumatic experiences that some of them have experienced (our own involvement in significant trauma and homelessness research has confirmed this relationship – see Appendix I). People's burden of distress is amplified by many prevalent factors including poor nutrition, frequent accommodation relocation (often at the point of eviction), marginal housing, family violence, relationship breakdown and child protection issues. To be able to minimise debt, the establishment of manageable loan repayments or re-establishment of vital utilities all help to reduce the overwhelming stress and anxiety for our clients associated with their impoverished circumstances.

***Understanding the benefits and limitations of volunteers.***

Volunteers are an essential feature of our rural Emergency Relief program. Volunteers are in important bridge into local communities. However, volunteers can present risks to confidentiality or

privacy in small communities. Depending on the backgrounds of volunteers, an element of bias towards or against clients can compromise objectivity.

One noticeable difference that we have observed is that where we can use professional staff to administer emergency relief as against volunteers, we are able to perform more comprehensive client assessments, undertake due diligence appraisal and establish effective controls in order to enable larger and more targeted Emergency Relief assistance to pay specific bills. These larger payments under the right circumstances provide sufficient impact to avert crisis and re-stabilise a household's situation. Where we rely more heavily on numerous volunteers with limited training, operational necessity and risk management sees us using supermarket and fuel vouchers, which while of material assistance, are more likely to be 'sub-threshold' assistance which do not create this crisis prevention or stabilisation effect. The assistance risks being a short term 'band-aid' solution. The amount and type of assistance that can be considered to be 'effective needs to be considered on a case-by-case basis.

***Links to employment.***

We have already indicated the importance of strengthening people's participation in employment and the partnerships we have built with Job Active providers. In our responses to questions 2.1 and 2.4 we have described both the required service delivery inputs and more structural challenges as well as offering solutions to address these. Employment participation is an extremely important strategy. We re-state here that further investment could be made through the FWC program to develop programs that address the gap for clients who experienced long term and multiple forms of disadvantage to create pathways into mainstream vocational and employment support and ultimately employment itself.

**3.2 How does your service currently deal with clients who present to your service on multiple occasions? At what point should additional support and requirements apply to repeat ER clients? What form should this take? What barriers do you see in implementing these requirements with your clients? What support would you need to implement such a proposal?**

We note the statistics provided on page 13 of the discussion paper regarding the frequent rate of presentation by a segment of Emergency Relief clients who experience repeated financial crises. This approximates VincentCare Victoria's experience in its delivery of the Emergency Relief Program.

We agree that additional support and requirements should apply to these clients. This needs to be applied in a non-judgemental way. Our strategies to manage access to Emergency Relief includes:

- *Any client accessing Emergency Relief in three months is required to meet with the Financial Capability Worker before they receive a third occasion of Emergency Relief assistance.* A further control that we have established is a 6 month non-payment period for Emergency Relief after receiving Emergency Relief to the value of $500.
- *Ensuring best possible identification of clients and data capture.* In order that we can apply rules about access to Emergency Relief, we need to be sure of people's presentation and usage patterns. Although the guidelines for the use of DSS Data Exchange (DEX) permit people to use Emergency Relief anonymously, we attempt to capture some identifying information as far as practicable and capture each client's occasion of use of Emergency Relief through our own client information management systems coupled with DEX.

- Our broader integrated services platform, VincentCare's Homelessness Recovery model, offers a further intervention to break people's frequent reliance upon Emergency Relief by addressing multiple and complex needs (mental illness, alcohol and drug dependency and use disorders, homelessness and trauma) with professional case management, supported

access to affordable housing, referral pathways to therapeutic treatment and services and support to regain independence and strengthen social inclusion.

- Where we use paid staff to provide Emergency Relief, we have greater opportunity to undertake training and develop active policy changes which can be consistently implemented with regard to effective targeting of assistance and connecting services users to other FWC and non-FWC support. At a more fundamental level, paid staff can consistently apply financial procedures and controls, especially when they are performing this most days and via direct data entry. This ensures greater reliability and accuracy in capturing service usage and funds acquittal.

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

The discussion paper on page 15 has stated that,

> *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.*

However on pages 7 and 8, the discussion paper has stated that,

> *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.*

Taken at face value we find the two proposals sit in conflict with each other. Early intervention and prevention necessarily targets a broader group than those who might actually require actual crisis responses or recovery focussed interventions.

The goal should be to target the broadest group for primary prevention, especially through literacy and education programs and even individual advice. For example an older adult whose children are pressuring them to become guarantor to a loan, should be able to see a financial counsellor for advice about the risks.

Early intervention should be open to people whose trajectory of their circumstances may be heading towards crisis. A person who has taken out a loan for a small business franchise which has then collapsed should be able to seek advice on legal avenues for remedy. A single parent who has taken out a loan for a car and then been informed of accommodation rent increases should be able to obtain advice well before default on any loan repayment or enter into arrears with their rent. The suggestion that there should be an imminent risk of not being able to pay debts before a person can be eligible for Financial Counselling does not fit to a sound prevention approach. Needless to say, the very aim of Financial Wellbeing and Capability as a program of government should be to foster

greater awareness of financial risk and personal ability to deal with these risks, not to wait until crisis events are imminent.

Neither does restricting financial capability programs to the narrow group of people suggested fit to a sound evidence-based prevention approach. Australia demonstrates the fifth highest level of household debt amongst 27 OECD nations with average household debt being 212% of household net disposable income compared to Germany and Italy at 18th and 19th positions and with household debt at 93% and 89% respectively of net household disposable income[5].

This evidence alone suggests that FWC programs require greater reach into the community, given the national appetite for household debt and the enormous risk and hardships that will occur through over commitment of many households through credit card, personal loans and home-mortgage backed borrowings when interest rates for these mechanisms eventually do increase or people's net equity collapses if the 'housing bubble' eventually breaks. The largest risks are associated with home-mortgage backed borrowings due to the larger sums of accumulated debt that this means of finance permits.

Our own work in Homelessness prevention for the past five years with our HomeConnect early intervention and prevention program not only demonstrates that early intervention and prevention works, but that it makes good sense when the downstream personal, social and economic costs of welfare crisis are taken as a whole.

## 4. Strategies to build a strong workforce

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

As mentioned in our response to 3.1 and 3.2, we see a difference in administering emergency relief using volunteers versus qualified staff. It is difficult, on a large scale, to recruit sufficient numbers of reliable and skilled volunteers across the community to administer an emergency relief program in a manner aligned to very specific government policies regarding eligibility criteria, extended pathways for assistance and accountability.

For example, the context of some long standing programs of volunteer provided welfare assistance (from organisation raised funds) can come into major conflict with using the same volunteers to administer government funded welfare assistance. This can include the under/over provisioning of assistance (compared to government guidelines and intended policy outcomes). We have ourselves experienced the on-the-ground operational challenges of volunteers who have resisted, felt conflicted or confused by many of the changes brought about by this current program of Emergency Relief owing to the greater accountability sought by government. Moreover, even where volunteers are fully supportive, reliable data capture has been a challenge. We can only use a minimised set of SCORE outcomes indicators with our volunteer-administered component of emergency relief compared to the use of our own staff.

Therefore, we have a number of suggestions for strengthening emergency relief capacity- building, all of which could be activated by reviewing and designing greater flexibility into the funding guidelines. The original funding guidelines for Emergency Relief, when re-tendered in 2014, indicated that at least 70% of Emergency Relief funding needed to be expended as actual financial assistance. However Emergency Relief services require at a minimum:

[5] Source: OECD (2017), Household debt (indicator). doi: 10.1787/f03b6469-en (Accessed on 23 March 2017) from https://data.oecd.org/hha/household-debt.htm

- Adequate staff capacity to train and very closely work with and support volunteers on a week to week basis *or* outright funding for staff to administer Emergency Relief.
- A case management role tied to Emergency Relief *or* adequate Financial Capability staffing tied to each Emergency Relief program. This is necessary to ensure that Emergency Relief is not merely applied as a "band-aid solution" when many service users require a more comprehensive approach

The guidelines, together with the actual geographic and agency distribution of funding have created some operational challenges for the Emergency Relief program. Our Melbourne based services are funded at much smaller scale than our rural program. It is the in-kind contribution of staff hours from our homelessness services that actually enable this program to operate successfully. The greater scale of funding of our rural program permits greater coordination hours (nonetheless not full time), but works reasonably well when combined with a Financial Capability role (which was our approach to successful recruitment). The operational challenge of our rural program is the large geographic dispersal and the in-reach we provide to smaller and more isolated rural communities where there are pockets of people experiencing heightened levels of vulnerability.

We also make the point that Financial Capability has been a remarkable success – it is a simple matter that demand exceeds supply.

We also feel that capacity both within individual programs and across the FWC program as a whole could be better leveraged through training and sector capacity building. This could commence with a rolling training program (using webinars and face-to-face mode) as well as funded annual conferences and forums.

Another operational challenge has been that of using the DSS Data Exchange to its optimal capacity. DEX is a good program and VincentCare is very supportive of the partnership approach to use the SCORE outcomes indicators considering the investment our own organisation has made in developing and evolving outcomes indicators. However, the value of the Commonwealth's investment in DEX and SCORE could be enhanced to achieve greater usage and also more reliable usage.

Ongoing training would be highly welcomed and assist the department to extract greater benefit from Outcome SCORE data. Staff are challenged not only by entry of data, but want to construct, run and correctly interpret reports and have an appetite for greater training to do so. Our FWC staff are keen to use these data reports for reviewing (including benchmarking) their service performance and to improve the service model and their practices.

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

If the FWC program wishes to ensure that people are well screened in accordance with any new eligibility criteria and that accurate data is captured, including all relevant SCORE indicators under the partnership approach, then funding needs to be provided (at least on an application round basis) to provide additional Information and Communications Technology (ICT) tools. These tools include such basic hardware requirements such as laptops, tablets and dongles. When the current program was rolled out, our organisation had to develop all of its own paper based forms for use by volunteers for all data capture. We wonder if the department had put its mind to the many volunteers across the country that would be involved and the level of computer literacy associated with different age cohorts of volunteers.

We suggest that the Department could invest in piloting the development of an application (to work in an agnostic tablet environment). Inexpensive tablets could be provided to groups of volunteers. A well designed application in a tablet environment would provide the most efficient means to administer emergency relief as a stand-alone program. The SCORE and other DEX data field questions could also be provided as client facing questions – such that the client actually completes the form in the application environment, or the volunteer asks the questions as they are worded in the application. Most importantly, the data entry would occur in real time and create a program efficiency by avoiding the need for data entry to be performed by staff.

VincentCare Victoria has widely implemented the use of Outcomes Star© in our organisation, and would like to receive further guidance and training in relation to mapping Outcomes Star© into SCORE. The March 2017 version of the Data Exchange Protocols (Version 4) continues to state that Outcomes Star can be translated into SCORE. However the Translation Matrix which has been developed by the Australian Institute of Family Studies[6] which is referred to for assistance does not include the Outcomes Star. It contains the matrix for a different instrument called the Outcome Rating Scale (ORS). Guidance material is therefore required in terms of mapping validity, including the use of the correct Outcomes Star(s)© and the applicable domains.

There are tools which could also be used to assist clients. An application that could be used on a smart phone or tablet for shopping and budgeting would assist our clients. A client could work with the Financial Capability worker to establish the budget. The application would also be useful for client centred support and become a focal point for support sessions with a financial capability worker.

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

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

The key issues involved in evaluating the FWC Activity are

- *Ensuring reliable (consistent and valid) data capture using DEX and SCORE.* We have outlined some of the investment that is required to be made in volunteer support, technology and training to achieve this.
- *Ensuring that organisations use the data in meaningful way to improve the delivery of FWC programs.* This is principally an issue of capacity building through training. We are able to track demand, demographics and the types of services provided to each client. We need some further training and support in relation to the SCORE indicator reports and the benchmarking comparisons
- *Disseminating program-wide information about incomes through conferences, forums and webinars to improve program delivery.* This needs to be coupled with information about trends over time and triangulated with narrative based evaluation gathered through focus groups and case studies. These can be used to reflect changes in Financial Wellbeing and Capability in local communities as well as case studies reflecting on individual process issues (service model and practice) and outcomes at the level of individuals and communities. We understand that it was the original intention of the department (through the consent mechanism) to follow up FWC program users.

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

The discussion paper appears to be very occupied with employment outcomes. However, the main focus of the evaluation should be consistent with the program logic for each of the delivered

[6] https://dex.dss.gov.au/wp-content/uploads/2015/10/dex_score_translation_matrix.pdf

program components (e.g. for Emergency Relief, Financial Counselling and Financial Capability). Therefore, alleviation of crisis, relinquishment from crippling ongoing and unjust financial liabilities and improved financial literacy and financial management behaviours are the core measures consistent with the implicit objectives of each program.

However, avoidance of downstream adverse impacts is another important area to measure. A sophisticated analysis could be performed using statistical linkage keys of the extent to which homelessness or even crime is avoided through people's use of FWC programs.

Consistent with the Department's strong interest in seeing people gain employment, statistical linkage keys could also be used to determine if there is a relationship between people's use of FWC programs and subsequent entry into Job Active services and achieving employment outcomes.

Finally, we close our responses with a re-capitulation of our view that in order for the FWC program to have a greater chance of enabling people to achieve improved employment outcomes, more specific interventions need to be designed into the FWC program using a program logic approach (and supported by an evidence-based and co-design process). We have suggested already in our response submission some of the additional capacity and interventions that are required. From the perspective of a program logic approach, once program inputs and processes have been designed into the FWC program to support employment outcomes and subsequently implemented, then it stands to reason that employment outcomes could be evaluated in terms of measurement of employment outcome as an intended effect of the program.

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**(NB *Appendix I on following page*)**

# Appendix I.

## Key findings from the Trauma and Homelessness Initiative.

The seminal Trauma and Homelessness Initiative found through a rigorously conducted scientific study[7] of people who were experiencing chronic homelessness in Melbourne that 68% of men and 82% of women met the criteria for current Post Traumatic Stress Disorder (PTSD) and that, overall, 88% met the diagnostic criteria for any current psychiatric disorder. The sample of 114 people in this study was large - equivalent to almost half of the current estimated Melbourne CBD homelessness population of 247 people. Headline statistics include:

- One third (33%) of study participants met the diagnostic criteria for a current psychotic disorder
- 48% of study participants met the diagnostic criteria for the lifetime diagnosis of a psychotic disorder.
- 54% met the diagnostic criteria for a current depressive disorder
- 69% of study participants met the diagnostic criteria for a current alcohol or substance dependence or disorder.
- Trauma was experienced by study participants at a rate 24 times higher than for the general population.

[7] O'Donnell, M., Varker, T., Cash, R., Armstrong, R., Di Censo, L., Zanatta, P., Murnane, A., Brophy, L., & Phelps, A. (2014). The Trauma and Homelessness Initiative. Report prepared by the Australian Centre for Posttraumatic Mental Health in collaboration with Sacred Heart Mission, Mind Australia, Inner South Community Health and VincentCare Victoria. This report can be accessed from https://vincentcare.org.au/images/research-projects/pdf/trauma_and_homelessness_initiative_report.pdf