



Financial Wellbeing and Capability Activity Discussion Paper

YFS Response

31 March 2017

YFS Ltd delivers a range of services for vulnerable people in Logan City, including operation of a Financial Wellbeing and Capability hub and leadership of a consortium of emergency relief providers. Thank you for the opportunity to respond to the discussion paper about future directions for the activity.

Discussion topic 1: Improved targeting of services

1.1 Eligibility criteria

1.1.1 Emergency Relief (ER) and Commonwealth Financial Counselling (CFC)

YFS' approach to ER and Commonwealth Financial Counselling services aligns with the proposed eligibility restriction:

- Within YFS, our ER service focuses primarily on people who are at risk of losing their housing due to rent arrears. It also funds short-term accommodation for people who are homeless.
- Our Financial Counsellors support people to address major debt issues.

However we are aware that the proposed change to restrict ER only to people at imminent risk of not being able to pay their debts will be a very significant change in policy for many ER providers, and would require effective change management. ER can be an entry point into Financial Wellbeing and Capability services for high-needs individuals. Better integration to link ER with capacity building services may be a more effective option than restricting eligibility.

1.1.2 Financial Capability

YFS does not support the proposed restriction to eligibility for the Financial Capability service on the grounds that it may prevent access to the service for people who are on low incomes and encounter a financial crisis due to an unexpected event such as injury, job loss or family breakdown. Early intervention at the point of crisis is essential to prevent people becoming homeless or moving in to long-term financial disadvantage. We propose that the criteria be broadened to include people on a low income as well as people on a benefit, and people who are experiencing an unexpected life event that puts them at risk of homelessness or financial disadvantage.

1.2 Strategies for accessibility for those in greatest need

Strategies that have proven effective for YFS include:

- development of our YFS Connect intake, assessment and referral service to link our crisis and intake area with our financial wellbeing and capability activities
- co-location and/or referral pathways with other service providers, including small-scale ER providers.

Discussion topic 2: Improved service integration

2.1 Strengthening cooperation

As noted in the YFS practice example in the discussion paper, YFS' hub approach has improved integration for clients with complex situations. Very few clients present with just a financial issue. We work across YFS teams to link people with the support they need. YFS has the advantage of offering multiple service types – from family support to employment preparation – within the one organisation. Placing Financial Wellbeing and Capability (FWC) services in multi-program organisations in disadvantaged areas makes sense.

YFS is able to achieve cooperation with external services as well. One tool for this is our ER focus on homelessness, which has created strong linkages with services working with people who are homeless or at risk of losing their housing.

The major barrier to cooperation we have experienced is lack of capacity in funded organisations such as family support services, which have limited caseloads and high demand) and jobactive providers, which are limited in their ability to provide appropriate support to people with significant barriers to work.

2.2 Requirement to formalise relationships with other services

Formal relationships help set expectations and working arrangements rather than relying solely on relationships between individuals for effective work together.

2.3 Integration with microfinance

YFS supports current moves to streamline NILS processing while increasing access points through partnerships with organisations like ours.

2.4 Success factors for a hub model

YFS' experience suggests that a hub model will work best where the following elements are in place:

- ER, financial capability and financial counselling services that are linked and co-located
- streamlined linkages between FWC activities and effective services that deal with housing and tenancy issues
- flexibility across funding programs or services
- ability/ systems to share client records across service areas beyond FWC (with consent)
- a place-based approach to build local partnerships
- training of all FWC workers in housing knowledge

- access to supportive, well-resourced employment preparation services that target people with significant barriers (such as ParentsNext or Transition to Work, not jobactive).

2.5 Rural and remote context

Placing the hub within existing services is likely to increase success in this context.

2.6 Better integration through Australian Government funding

YFS believes the current ER model with very small amounts distributed to a large number of small – often voluntary - organisations impairs the ability for ER to be better integrated with FWC and other services. Used well, ER is an important gateway to improving financial capability for people on low incomes.

YFS recommends funding to increase integration between ER providers and other FWC services. Systems to track users of ER, and embedded referral pathways or capacity building work as a component of ER would be helpful. For example, YFS' emergency relief requires the client to work with a financial capability worker on a budget to establish whether housing is sustainable before we will contribute to rent arrears to save the tenancy. This creates engagement at a time of crisis, and builds a longer-term interaction.

Discussion topic 3: Improved client outcomes

3.1 Strategies to improve financial and/or employment outcomes

3.1.1 Financial outcomes

As noted above, YFS works with clients who present for ER to develop a budget and identify underlying issues.

3.1.2 Employment outcomes

We actively encourage clients to seek work so they can increase their income. Many clients are unable to work – or exempt from requirements to seek work – for health or family reasons. We agree that work by Financial Counsellors and capacity workers could more proactively identify and emphasise opportunities to increase income.

Where clients are potentially able to work meet eligibility requirements, we refer them to an appropriate employment preparation program such as Transition to Work, ParentsNext or Skilling Queenslanders for Work. For many though, jobactive or DES is their only option. Clients with significant barriers or complex issues need more support than jobactive providers are able to provide.

We strongly recommend the addition of a targeted employment case work service to the hub model to link people with work or work preparation. Rather than duplicating jobactive, this model could leverage it by collaborating with jobactive or DES providers where appropriate to get good outcomes for clients. This would enable linkages with supports to address vocational and non-vocational barriers.

3.2 Repeat users of services particularly ER

Most ER providers have strategies to limit repeated access. However there is little integration across providers to know when clients are accessing support from more than one provider. A shared system across providers would improve this.

We agree that ER is a gateway to capacity building services, and this function could be better embedded in the way ER providers operate.

3.3 Early intervention and prevention

Research shows that those most in need of financial literacy education are least likely to access it. The resources available now, such as Moneysmart online tools, assume certain levels of literacy and engagement that we don't see in many of our clients. We need much simpler messages and much more face-to-face interaction with vulnerable people if we are to reduce poor financial decisions that have long-term ramifications for people on low incomes.

YFS is trialling a "dodgy debt" prevention campaign, working with an advertising agency and a team of peer educators. Pay-day lender and rent to buy debt is extremely common among our clients, and we are very keen to find strategies to reduce take-up of these options.

We would also like to see more emphasis on educating "influencers" and "opinion leaders" who work with or relate to our clients in their daily lives. Community education should target these groups (such as church leaders, family support workers and local elders) as well as broader consumer audiences.

Discussion topic 4: Stronger workforce

4.1 Building worker capacity

Focus areas for capacity building to improve workforce skills and effectiveness include:

- Education and support for ER volunteers and for ER agencies where generalist staff are responsible for ER management, e.g. neighbourhood centres
- Increased knowledge of tenancy and housing issues among FWC workers to intervene to prevent homelessness
- Increased understanding of employment and employment support referral options
- Increased recruitment and development of Financial Counsellors to prevent a shortage cause by an ageing workforce of qualified people.

4.2 Tools for development of FWC services

Tools that would be useful to improve capacity include:

- More meaningful outcomes measurement approaches
- Shared client information systems across ER providers in an area
- Resources and tools to help workers or volunteers in small ER agencies to develop consistent, effective services.

Discussion topic 5: Improved evidence, practice and outcomes measurement

5.1 Key evaluation issues and 5.2 Focus for evaluation

Ideally, the evaluation will assess impact on client's long-term financial wellbeing and capability.

Issues include:

- Collecting data from clients at the point of service doesn't provide evidence of impact on their situation or capacity over time. It often takes time for FWC work to lead to a change in situation. Ideally the evaluation would include follow-up over time to assess change.
- It is easier to measure situational change e.g. debt reduction through advocacy or tenancy maintenance through use of ER than it is to measure change in client's behaviour over time.
- Collecting data from clients' perspectives generally focuses on their experience of the service and their perception of improvement in their understanding and ability, rather than change in behaviour and impact on their situation.
- Measuring the impact of prevention and early intervention is challenging but would be fascinating.