



Australian Government

Department of Social Services

Review of Financial Wellbeing and Capability programs

Consultation Paper

December 2023

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Acknowledgements

The Australian Government acknowledges the traditional owners of Country throughout Australia on which we gather, live, work and stand. We acknowledge all traditional custodians, their Elders past, present and emerging and we pay our respects to their continuing connection to their culture, community, land, sea and water.

Summary

The Department of Social Services (the department) is seeking input to the review of Commonwealth-funded programs under the Financial Wellbeing and Capability (FWC) Activity (Program Review) to inform new grant arrangements.

The purpose of this Consultation Paper is to seek feedback on:

- what is working well in FWC programs
- what challenges are impacting programs
- where there may be opportunities to improve FWC programs, service delivery and grant arrangements.

The department seeks your feedback on the following 7 focus areas in this paper.

1. Current operating environments and systemic issues.
2. Changing client needs.
3. Best practice service delivery.
4. Workforce capacity and capability.
5. Place-based approaches.
6. Future funding arrangements.
7. Improved outcomes and data.

Your views are important as they will inform the future design of services that support the financial and broader wellbeing of individuals and families in Australian communities.

This paper is based on extensive research, data analysis, and insights from service users, funded and non-funded service providers, peak bodies and government stakeholders.

Ideas and analysis contained in this paper align with, and complement, departmental policy considerations and consultations with the community services sector on:

- [A stronger, more diverse and independent community sector](#) that is exploring opportunities to better support Australian communities through the design and administration of grants to the sector.
- [Blueprint Expert Reference Group – Developing a Not-for-Profit Sector Development Blueprint](#) that is developing a roadmap to chart out a better future for the Australian not-for-profit and charities sector.

The department is committed to consulting with stakeholders as part of this Program Review. This Consultation Paper builds on significant targeted stakeholder discussions over the last 6 months, and offers an opportunity for broader public input to help finalise the review.

Have your say

You are invited to have your say on the future design and delivery of FWC programs.

Please respond to any or all of the 17 questions posed in the Consultation Paper by completing the guided questionnaire, or uploading a written submission, via the DSS Engage website. Please tell us if you would like your written submission to remain confidential.

Closing date for submissions: **Monday, 29 January 2024 5:00pm (AEDT).**

Website: engage.dss.gov.au

Mail: GPO Box 9820, Department of Social Services
Canberra ACT 2601

Enquiries: FWCpolicy@dss.gov.au

If you are interested in making a submission but are not able to meet the deadline, please email the department at the above email address, as other options may be considered.

Consultation questions

The 17 questions in this Consultation Paper are consolidated below. Questions are mostly targeted at service providers but input is welcome from individuals and other stakeholders.

Focus area 1 – Current operating environments and systemic issues

1. What future role do you see for FWC programs in disasters, and other crisis events?
2. What other Australian Government policies, frameworks, reforms or systems issues are changing the way FWC services are delivered, or impacting FWC clients?

Focus area 2 – Changing client needs

3. In what ways can FWC programs and services better respond to current and future client demand, and people with complex needs?
4. What do you consider is an effective FWC early intervention approach for a person at risk of financial stress and hardship?

Focus area 3 – Best practice service delivery

5. Have you experienced a high quality financial wellbeing and capability service and what did this look like?
6. How can the sector and the department better support organisations to provide wrap around services, and effective referral pathways for clients, particularly those with complex or multiple needs?
7. Has your organisation introduced a service improvement or innovation that is making an impact in improving client outcomes? What can be done differently or more efficiently in FWC programs, such as the national arrangements for the National Debt Helpline?
8. What approaches could help fill FWC service gaps, including in food relief and in regional and remote areas?

Focus area 4 – Workforce capacity and capability

9. How can the sector and department ensure the FWC workforce has sufficient capacity and capability to meet rising demand and the needs of vulnerable clients?
10. What are some ways the sector and department could better support Aboriginal community-controlled and Indigenous-led organisations, multicultural organisations and disability providers to deliver FWC services?

Focus area 5 – Place-based approaches

11. What are the advantages or challenges of a place-based approach to funding FWC services into the future?
12. Do you have experience in working in place-based or shared decision-making models of service delivery? What are your reflections? Please provide examples.

Focus area 6 – Future funding arrangements

13. What would sustainable and more flexible FWC grants funding look like for you?
14. What are your reflections on the supplementary FWC funding for crisis events that has been allocated to the sector since 2020?
15. How can FWC funding arrangements be structured in the future to better respond to local community needs, and time-limited surges in need?

Focus area 7 – Improved outcomes and data

16. What are your views on the proposed FWC client and service-level outcomes and draft FWC Activity Program Logic? Are there outcomes your FWC services achieve that are not included? Can you see how your services align with the draft Program Logic?
17. Does your organisation capture data on unmet client demand? If so, what information do you capture and how could the department work with your organisation to report this data?

Introduction

Aim of the Financial Wellbeing and Capability (FWC) Activity

The FWC Activity is managed by the department under 'Outcome 2: Families and Communities' stream, which aims to contribute to stronger and more resilient individuals, children, families and communities.

The [FWC Activity](#) comprises a suite of programs including:

- Emergency Relief
- Food Relief
- Commonwealth Financial Counselling and Financial Capability (including Money Support Hubs and Financial Counselling for Problem Gambling)
- Financial Resilience (Microfinance and Microenterprise activities).

These programs aim to support individuals and families experiencing financial vulnerability to navigate and manage financial stress and hardship and increase financial wellbeing.

Under these programs, funded providers deliver a range of services and supports across a financial wellbeing continuum – from early intervention and prevention, to crisis support, to financial recovery and resilience activities. FWC services are free, voluntary and confidential, and are mostly delivered by community services organisations.

FWC programs work collectively to contribute to improving the overall wellbeing of individuals and families in Australian communities.

Aim of the FWC Program Review

The department previously reviewed and redesigned FWC programs in 2017 and conducted competitive FWC grant rounds in 2018.

To prepare for new FWC grants commencing 1 July 2025, the department is reviewing FWC programs (the Program Review) to assess their appropriateness, efficiency and effectiveness – to ensure they meet client and sector needs, as well as Australian Government priorities.

The department will use findings from the Program Review as evidence to support any proposed changes or improvements to FWC programs, including funding arrangements, service footprints, service delivery models and data requirements, ahead of new grants.

The Program Review recognises the significant challenges faced by people, their communities and the community services sector (the sector) in recent years, including the compounding impacts of COVID-19, natural disasters and cost of living. These impacts have contributed to:

- sustained demand for FWC services, particularly crisis supports
- people accessing FWC services for the first time
- people presenting to services with complex needs, requiring multiple supports
- changes to the way services are delivered (including virtual service delivery)
- rising operating costs for service providers
- challenges with staff recruitment and retention, including volunteer levels.

The Program Review provides an opportunity to consider these challenges and drivers for change, to build on what is working well, and identify options and improvements for programs to achieve better outcomes for people accessing FWC services.

It is important to note that FWC programs operate within constitutional, legal and policy frameworks that determine how programs can operate, how grants funding can be used, and eligibility of clients accessing services. The Program Review is considering improvements to programs and grants in light of these parameters.

Purpose of this Consultation Paper

This Consultation Paper seeks feedback to inform and support the Program Review. It presents information and key issues that stakeholders have raised with the department through multiple channels, in recent years. Specifically, this paper seeks to:

- present the key issues, based on evidence and known stakeholder views
- share program performance data
- provide an opportunity for stakeholders to tell us about any additional issues or ideas for improvements to FWC program and grants design.

The Consultation Paper is structured around the following 7 key focus areas.

1. Current operating environments and systemic issues.
2. Changing client needs.
3. Best practice service delivery.
4. Workforce capacity and capability.
5. Place-based approaches.
6. Future funding arrangements.
7. Improved outcomes and data.

The department identified these focus areas from its ongoing engagement with FWC service providers, sector stakeholders and various advisory and feedback mechanisms including the sector-led [National Coordination Group](#)¹ (NCG).

For each of these focus areas, the paper sets out what we know from recent research and reviews, what insights the available data shows, and what stakeholders have told us both previously and through targeted interviews as part of the Program Review. The paper also seeks views on opportunities for improvements under the key focus areas, and asks targeted questions to gain additional feedback and input.

Key sources of evidence used to inform this Consultation Paper are listed in the References section.

Broader consultation process

The department is committed to ensuring client, provider, sector and government views are considered in any proposed improvements for FWC programs.

This Consultation Paper is the final stage of a broader consultation process to inform the Program Review.

The department contracted the market research organisation Hall & Partners to conduct targeted interviews and surveys with key FWC stakeholders from September to November 2023.

Targeted consultations focussed on clients of FWC services to discuss their experiences, as well as service providers (funded and non-funded), peak bodies, state and territory governments and local councils. These stakeholder insights are included in this paper and will feed into the overall Program Review.

¹ The NCG is a body of sector representatives that provides advice to the Minister for Social Services on demand for FWC Emergency Relief, Food Relief and Financial Counselling. It was established in 2020 following additional funding for FWC services to support responses to COVID-19, disasters, and cost of living pressures.

Financial Wellbeing and Capability Activity Overview

The objective of the FWC Activity is to support eligible individuals and families to navigate financial crises, build financial wellbeing, capability and resilience and thereby reduce the risk of financial and social exclusion and disadvantage.

The FWC Activity comprises a suite of FWC programs that aim to help people:

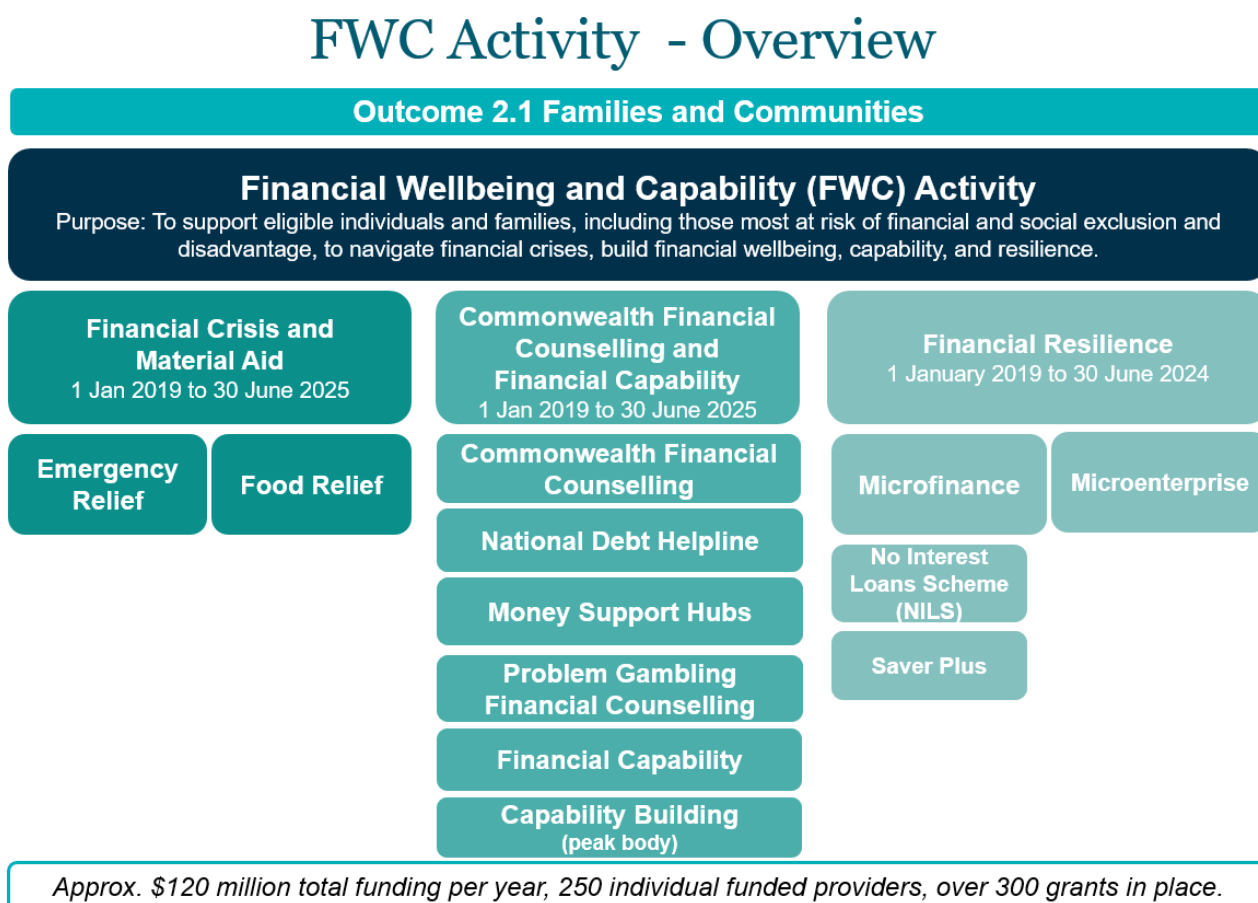
- address immediate, basic needs in time of financial stress and crisis
- assess their financial situation and be in control of their debts
- build longer-term skills to budget and make informed choices, in order to address their financial problems
- access saving products and affordable credit products.

The FWC Activity is currently structured under 3 program streams.

1. **Financial Crisis and Material Aid** – provides immediate financial and/or material support to people in financial crisis. It also assists organisations’ access to cost-effective supply of food in order to provide to people in need.
2. **Commonwealth Financial Counselling and Financial Capability** – provides financial counselling (including specialist counselling for people experiencing gambling harm) and financial capability, such as financial literacy and education.
3. **Financial Resilience** – includes microfinance products such as no or low interest loans, a matched savings program and microenterprise activities.

An overview of the FWC Activity and 3 programs streams is outlined in Figure 1.

Figure 1: FWC Activity programs – Overview

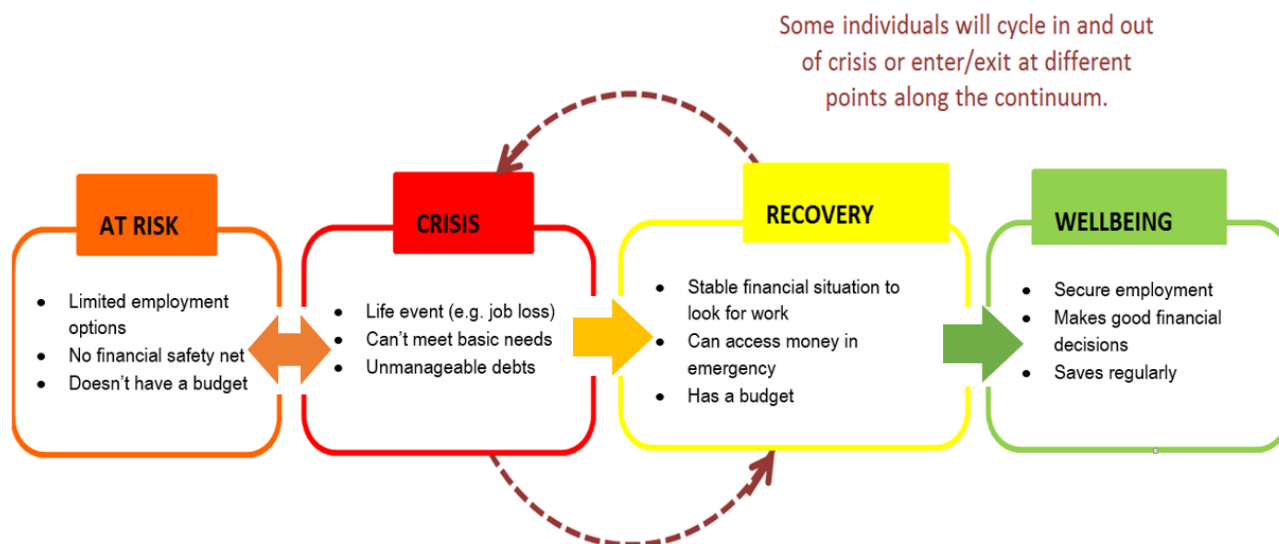


Program snapshots of the Emergency Relief and Commonwealth Financial Counselling and Financial Capability programs, including activities, funding, client demographics and outcomes data, are at **Appendix A**.

Financial Wellbeing Continuum

FWC programs provide assistance across a continuum of client needs from prevention and early intervention to crisis intervention to recovery and wellbeing, as outlined in Figure 2.

Figure 2: Financial Wellbeing Continuum²



History of FWC programs

The Australian Government's investment in financial wellbeing and capability programs dates back to the late 1970s when the Emergency Relief program commenced in response to findings from the Commission of Inquiry into Poverty chaired by Professor Ronald Henderson.

Over time, FWC services have expanded from crisis support to encompass more early intervention, capability building, financial recovery and resilience strategies. The Commonwealth Financial Counselling program was introduced in 1990, and the No Interest Loans Scheme (NILS) and Saver Plus matched savings programs were introduced to the FWC program suite in 2009.

The department reviewed and redesigned FWC programs in 2017 to ensure Commonwealth funding for these programs was targeted to those in most need. Client eligibility for FWC programs was targeted to people unable to pay their debts (and at risk of bankruptcy) and in some cases, restricted to people in receipt of an Australian Government payment or experiencing domestic and family violence. These changes were introduced as part of new FWC grants that commenced 1 January 2019.

The 2017 program redesign and 2018 FWC grants round also encouraged a focus on strengthening integration of services, building a strong FWC workforce and measuring the outcomes of FWC services (DSS 2017).

² This diagram was produced by the department and has been used in the context of its FWC programs for many years.

Current FWC grants

The department commits around \$120 million per year on average in baseline funding for FWC programs through provision of 300 grants to over 250 community service organisations.

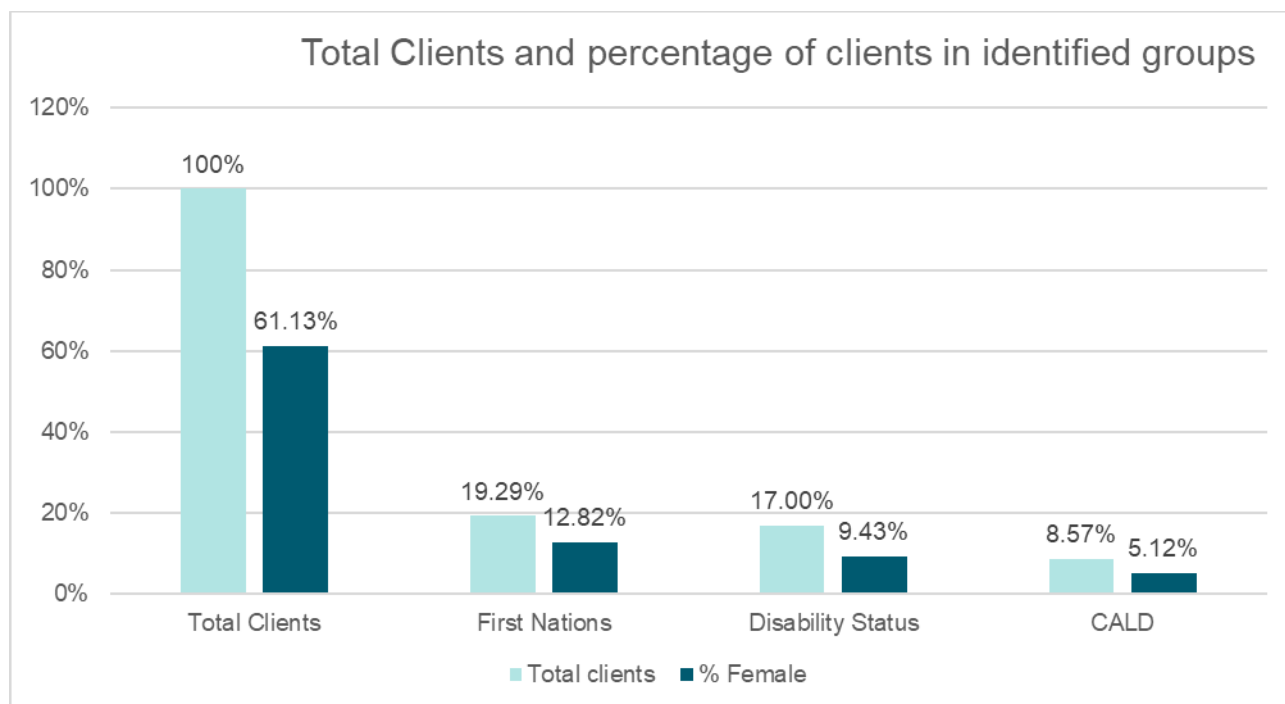
Most of the current FWC grants are funded from 1 January 2019 to 30 June 2025. The original grant term was to 30 June 2023, but a 2-year grant extension was enacted in late 2022 to provide support and sustainability for service providers to meet ongoing demand for services arising from COVID-19, natural disasters, and rising cost of living. Financial Resilience grants are currently in place to 30 June 2024.

FWC clients

In 2022-23, FWC services collectively supported over 580,000 clients.

The table at Figure 3 provides a picture of the total number of individual clients across FWC programs from 1 January 2019 to 30 June 2023, with a breakdown by key client groups. The percentage of women across all the categories is also shown.

Figure 3: Percentage of clients in identified groups (showing percentage of women as a proportion) 2019 – 2023



Note: Culturally and Linguistically Diverse (CALD) clients captures people who were born overseas and mainly speak a language other than English at home.

The majority of FWC clients are low income earners, at higher risk of financial vulnerability and disadvantage. The number of clients on Australian Government income support payments varies between the different FWC programs – for example, in 2022-23 it was 72%³ for Financial Resilience programs, 68% for Emergency Relief, 67% for Financial Counselling and Financial Capability and 59% for Problem Gambling Financial Counselling.

³ This data is derived using Statistical Linkage Keys (SLK) not client ID. Only high quality SLK's that are able to be accurately matched to payments data are counted (i.e. FWC clients with estimated dates of birth or pseudonyms, for example, are not included).

FWC service providers

Of the 250 service providers currently delivering FWC services, most are community services organisations. Approximately 55% are large organisations, 26% medium-sized, 15% small and 4% unknown⁴. Approximately 4% of service provider organisations are identified as First Nations organisations.

Service providers operate a range of service models contingent on their budgets, the particular services they deliver, the profile of client groups they support, and their physical locations. Small providers often provide locally based, single services. Medium and large FWC organisations can offer multi-disciplinary supports – such as housing, mental health and disability services, in addition to a range of FWC services.

⁴ The following definitions provided by the Australian Charities and Not-for-Profits Commission, based on an organisation's annual revenue, have been used at the basis for this percentage breakdown: Small < \$500,000/ Medium \$500,000 - \$3 million/ Large > \$3 million.

Focus area 1: Current operating environments and systemic issues

Why we are considering this focus area

FWC services operate within a complex and diverse social services system. They interact with a wide range of social support services (such as mental health and housing supports), the social security system, and intersecting government policies and frameworks. Macro-economic trends, such as natural disasters, food insecurity and cost of living pressures, also impact FWC programs.

Currently, these factors are putting pressure on demand for FWC services and the ability and capacity of service providers to adapt to changing operating environments and to meet the needs of clients and communities.

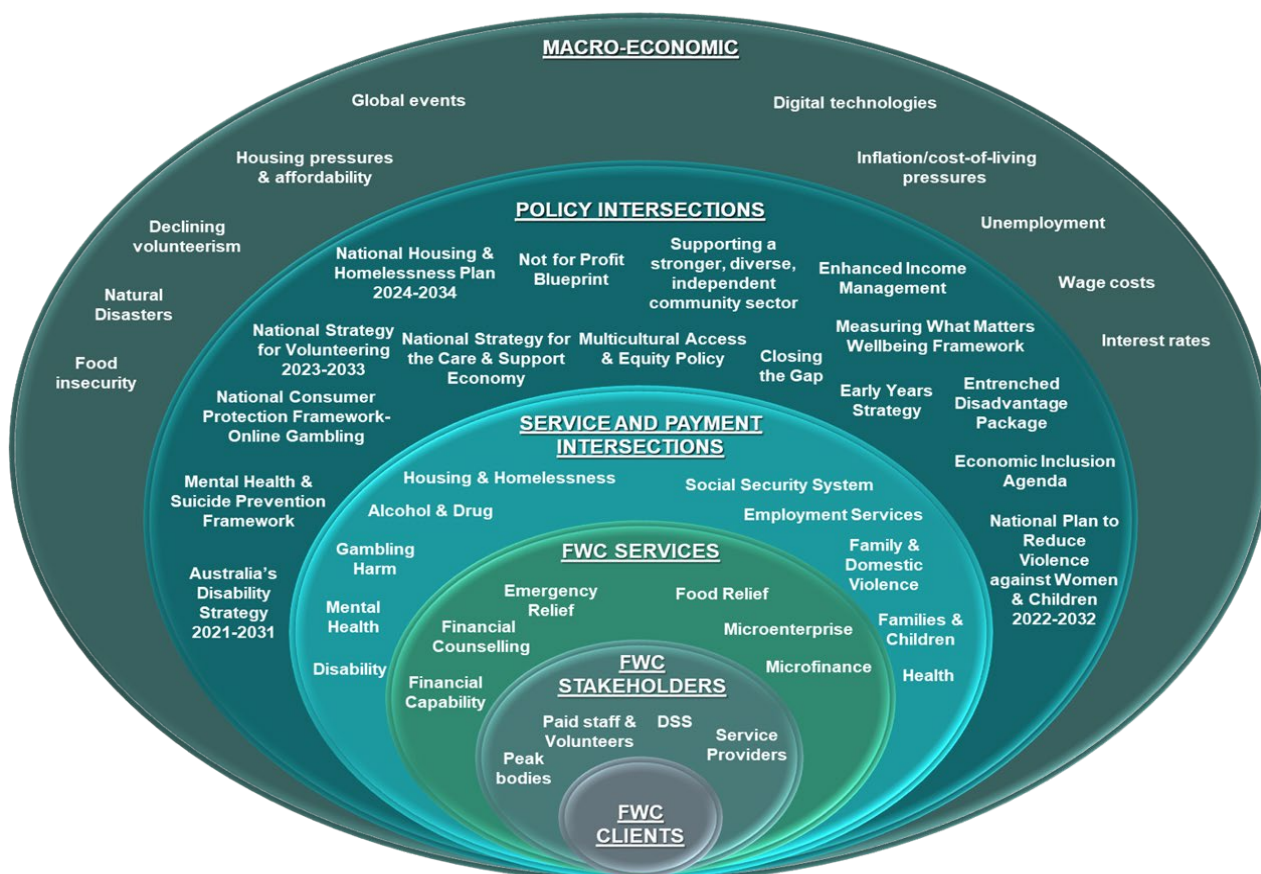
For future FWC programs and grants, there are opportunities to:

- review the design of FWC programs and grants to better respond to current demand pressures and operating environments.
- strengthen support for assessment, triaging and effective referrals between FWC services and other specialist services and supports in the broader services system, to better respond to client, community and sector needs.

Key issues/evidence

The diagram at Figure 4 represents the complex ecosystem that FWC clients and providers exist within. While the diagram does not capture all intersections, it highlights those that are most relevant to the presenting issues and needs of FWC clients.

Figure 4: The FWC ecosystem



It should also be noted that Commonwealth, state and territory and local governments, industry and philanthropy all play a role as 'funders' within this FWC ecosystem.

Macro-economic conditions

There are many compounding economic factors or macro-economic trends influencing FWC service delivery and the needs of FWC clients. Inflationary pressures, including the increased costs of groceries, utilities, fuel, medicine, rent and mortgages, have increased demand for services, as more people in the general population experience financial stress and hardship. At the same time, they have resulted in higher operating costs for service providers.

The Senate Select Committee looking into cost of living pressures in 2023 found the current cost of living crisis is causing an increase in the demand for services provided by the charitable and not-for-profit sector (Finding 4). Finding 5 observed a parallel downturn in the ability of charities to meet this demand due to increased overheads and lower levels of charitable giving (Senate Select Committee 2023: 2-3).

Research commissioned by the department and conducted by Hall & Partners in 2022 highlighted how housing pressures, including rising rates of people experiencing housing insecurity or living in severely overcrowded dwellings, impacted demand for Emergency Relief. Anecdotally, service providers have reported that a shortage of long-term, affordable housing options is leading to return visits to Emergency Relief, by people seeking help for short-term accommodation.

Rising housing, utility, phone and transport costs have led to people spending more on these 'expensive' bills and less on food, therefore giving rise to an increase in food insecurity. The Foodbank Hunger Report 2023 highlights over 3.7 million households in Australia (36%) have experienced moderate to severe food insecurity in the last 12 months, an increase of 383,000 from 2022⁵. Future projections are that 50% of the Australian population will have experienced some level of difficulty in accessing food by the end of 2023.

There has been strong growth in the use of Buy Now, Pay Later (BNPL) arrangements, particularly by young Australians, to pay bills and meet basic needs such as food. In addition, defaulting on payments under BNPL schemes is contributing to financial stress. In 2022, the Australian Securities Investment Commission (ASIC) found 19% of BNPL users surveyed cut back or went without essentials to make BNPL repayments on time (The Australian Government the Treasury 2022: p 11).

There is also a high rate of women experiencing financial or economic abuse. Australian Bureau of Statistics data shows that 16% or 1.6 million women in Australia reported experiencing economic abuse by a co-habiting partner – including behaviour aimed at preventing or controlling their access to economic resources (ABS 2023).

In recent interviews conducted on behalf of the department, stakeholders observed that individuals are now stretched beyond their financial capacity as household expenses outgrow household income levels. Additionally, where individuals have previously been able to use savings, receive support from family or friend networks, or access mainstream financial aid (such as mortgage relief or utility payment plans) these options are now becoming exhausted.

Decline in formal volunteering

The community services sector is experiencing declining rates of formal volunteering which can be attributed to people facing challenges in their broader lives including 'being time poor or having to balance paid work and unpaid care' (National Strategy for Volunteering 2023-2033: 21).

⁵ The definition of food insecurity applied refers to people who are reducing the quality, variety or desirability of their food or whose eating patterns are disrupted.

From 2010 to 2022, rates of formal volunteering fell from around one-third of adults to one-quarter of adults.

'Decreased participation in formal volunteering creates significant challenges for volunteer involving organisations and for the general population, with many critical services such as emergency management, 24-hour helplines, and food security programs being heavily dependent on formal volunteer involvement'.
(National Strategy for Volunteering 2023-2033: 21)

Emergency Relief service providers rely heavily on a volunteer workforce. A survey of 122 Emergency Relief providers in 2021 found that volunteers made up 92% of all workers, totalling 8,316 volunteers, across the respondent organisations (McKenna & Evans 2021: 2). A shortage of volunteers shifts the focus to paid staff, which increases the overall operating costs for organisations and puts additional pressures on staff recruitment and retention.

Disaster responses

As a result of compounding and recurrent natural disasters over recent years, including bushfires and floods, FWC service providers have been heavily engaged in disaster response and recovery efforts. The sector anticipates ongoing demand for FWC services as high risk weather events are expected to continue.

It is important to note, however, that FWC programs are not specifically designed for disaster response efforts. The policy intent of FWC programs is to support any eligible person in financial stress and hardship. This can be from a range of factors such as job loss, illness, and relationship breakdown – in addition to disasters.

FWC services, provided by community-based organisations using existing networks, can be an efficient and effective way of distributing relief and support to people impacted by disaster events. FWC services can help in the following ways.

- Emergency Relief providers can assist eligible clients to meet short-term, immediate needs such as access to temporary crisis accommodation and food supplies, or to replace essential household goods (such as bedding or fridges).
- Support provided by financial counsellors may include navigation of insurance claims, grant applications, mortgage and loan moratoriums and claims for hardship for outstanding debts.
- No Interest Loans Scheme (NILS) offer another source of assistance, to purchase essential items such as white goods and cars.

Additionally, FWC services often have greater impact through the recovery stage of a disaster event, sometimes 3-6 months or even 1-2 years after a disaster, when the full financial impacts are being felt by people and their communities.

Recent stakeholder interviews heard that FWC service providers are well-placed to take an active role in front line disaster responses. However, they did not see it as the role of the FWC Activity to fund these responses. They were concerned that continuing to draw on FWC funding for disasters would dilute 'business as usual' services and funding, that is, for general and ongoing crisis and financial hardship. Additionally, stakeholders wanted early access to funding for 'preparedness' – that is, planning and sourcing resources ahead of a disaster (such as stockpiling of food and staff planning).

There was also continued stakeholder support for the ownership and coordination of disaster relief to be held by an external agency, such as the National Emergency Management Agency (NEMA).

NEMA was created in 2022 to provide a single agency to better respond to national emergencies, help communities recover and prepare Australia for future disasters. NEMA is responsible for leading and coordinating Australia's connected approach to emergency management, from Prevention to Preparedness, Response, Relief, Recovery, Reconstruction, and Risk Reduction. NEMA works closely with state and territory and local governments, charities and the not-for-profit sector and local communities across Australia. NEMA provides funding to states and territories for relief and recovery assistance to disaster-impacted communities.

Stakeholders also recognised that communities affected by disaster events are experiencing a prolonged recovery period and that there are families and individuals in perpetual financial crisis requiring ongoing FWC services.

New technologies

Recent years have seen rapid developments in digital technologies and increasing use of virtual and online methods of service delivery across governments, industry and community services. These technologies can help to deliver better services to the community (and the Australian Government is committed to implementing the [Digital Service Standard](#) which sets out best practice in relation to digital service delivery).

The rise of financial technology (FinTech), such as BNPL arrangements, is an example of technology impacting FWC clients and services providers, particularly financial counsellors that are helping people navigate multiple BNPL debts.

Community services organisations have to keep step with technological developments in order to offer flexible and accessible service options to meet client and community expectations. This means organisations need to build staff capability and update information technology infrastructure, at the pace technology is evolving. More broadly, the sector will need to consider the rise of automation and artificial intelligence in future service design and delivery, as this becomes part of societal norms.

Intersections with Australian Government priorities and reforms

There are numerous Australian Government priorities, frameworks and reforms that intersect with FWC programs and services including:

- embedding the Priority Reforms of the [National Agreement on Closing the Gap](#)
- improving outcomes for people with disability under the [National Disability Strategy 2021-2031](#)
- [The National Plan to End Violence against Women and Children 2022-2032](#)
- tackling economic disadvantage through the [Economic Inclusion Advisory Committee](#)
- developing a national wellbeing framework, [Measuring what Matters](#) to track progress towards a more healthy, secure, sustainable, cohesive and prosperous Australia
- [targeting entrenched disadvantage](#) including measures to extend place-based partnerships and shared decision-making solutions
- [Philanthropy Review](#) to double philanthropic giving in Australia by 2030
- improving grants design, administration and funding for the community sector ([A Stronger, more diverse and independent sector: Issues Paper 2023](#))
- shaping the vision for the future of Australia's children and their families through developing an [Early Years Strategy](#).

[A stronger, more diverse and independent community sector](#) provides more details on relevant Australian Government strategies and priorities intersecting with future Commonwealth grants design and administration, including FWC grants.

Consultation questions

1. What future role do you see for FWC programs in disasters, and other crisis events?
2. What other Australian Government policies, frameworks, reforms or systems issues are changing the way FWC services are delivered, or impacting FWC clients?

Focus area 2: Changing client needs

Why we are considering this focus area

There has been a shift in the needs and profiles of clients accessing FWC services arising from high levels of financial stress and hardship in recent years. This has presented challenges and changes for FWC service delivery in terms of demand, accessibility, additional supports and costs of delivery.

For future FWC programs and grants, there are opportunities:

- to collect more data on client profiles, client outcomes, as well as client demand for FWC services
- for more targeted or specialist services that respond to unique or emerging client needs
- to increase awareness and understanding of FWC services for new FWC clients and to reduce perceptions of stigma
- for targeted early intervention approaches, including financial literacy and education programs, for people most at risk of financial vulnerability.

Key issues/evidence

Changing client profiles

Service providers report cost of living pressures and rising housing costs in recent years have pushed more of Australia's population into financial hardship.

Although the core cohort accessing FWC services is low income earners, stakeholders have reported the emergence of 'new' clients presenting to services, notably 'working families', people with jobs, mortgages or double incomes.

Speaking to the Cost of Living Senate Select Committee in Perth, Anglicare WA noted its Emergency Relief and Food Access Service saw a 72% increase over the past year 'in callers' who were employed but experiencing financial hardship (Senate Select Committee into Cost of Living Hansard 2023: 12).

In its submission to the Senate Committee, St Vincent de Paul noted cohorts of people who had not previously sought Emergency Relief included those who had part-time or full-time jobs.

'We are ... helping people from backgrounds previously unknown to the Society, including middle income earners. In NSW, 30 per cent of people seeking assistance are doing so for the first time'.

(St Vincent de Paul Society 2023: 2)

Stakeholders report there is often a low awareness of FWC services among these new client groups. There are challenges around how to engage individuals who have no prior experience with social services or charities. Stakeholders also reported these new audiences are mostly located in metro and regional areas.

Stakeholders also described new groups of at-risk individuals who they felt were not adequately addressed by current FWC service delivery models including people reintegrating into society from prison, rehabilitation, hospitals, or aged care systems.

Research on Emergency Relief client profiles in 2021-22, identified 5 different client types accessing Emergency Relief.

1. *Resilient clients* are one-off or infrequent users of Emergency Relief and generally have the support networks and resilience to function afterwards without it.
2. *Unsupported clients* receive what they hope will be one-off Emergency Relief support but become recurrent clients, as they do not have the personal or community supports available to return to financial stability.
3. *Recurrent clients* use Emergency Relief recurrently in times of financial stress and benefit from referral to other services.
4. *Consistent clients* have limited means to elevate their earning capacity and rely on Emergency Relief at a high frequency level.
5. *Connectors* first encountered Emergency Relief and food assistance in a time of genuine need and are now infrequent clients for reasons unrelated to financial hardship (i.e. they attend for social connections and emotional support). (Hall & Partners 2022).

The research highlighted that different Emergency Relief service responses may be appropriate for the different client types.

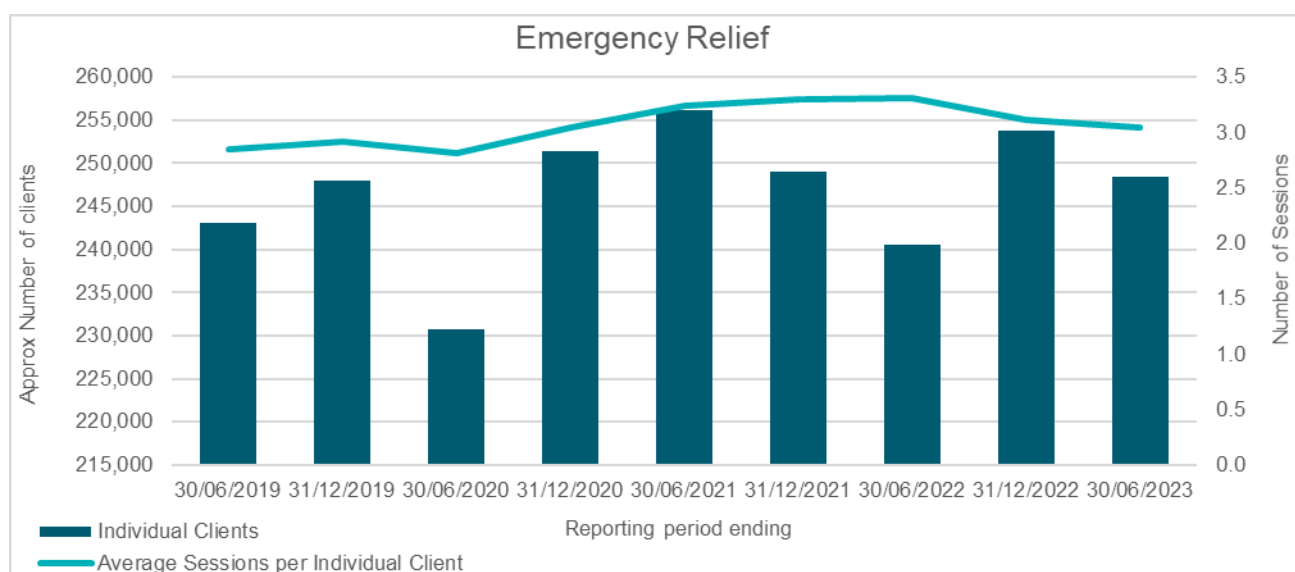
Changing client demand

The department monitors client demand using several data indicators such as increasing number of clients, increasing number of client sessions, expenditure data from funded providers and qualitative data from service providers and sector stakeholders.

Analysis conducted across all FWC programs found there has been fluctuating client numbers but rising client sessions since the start of the current FWC grant term. Overall, the number of FWC clients has grown by 4.60% between 1 January 2019 and 30 June 2023, and the number of client sessions by 17.49%.

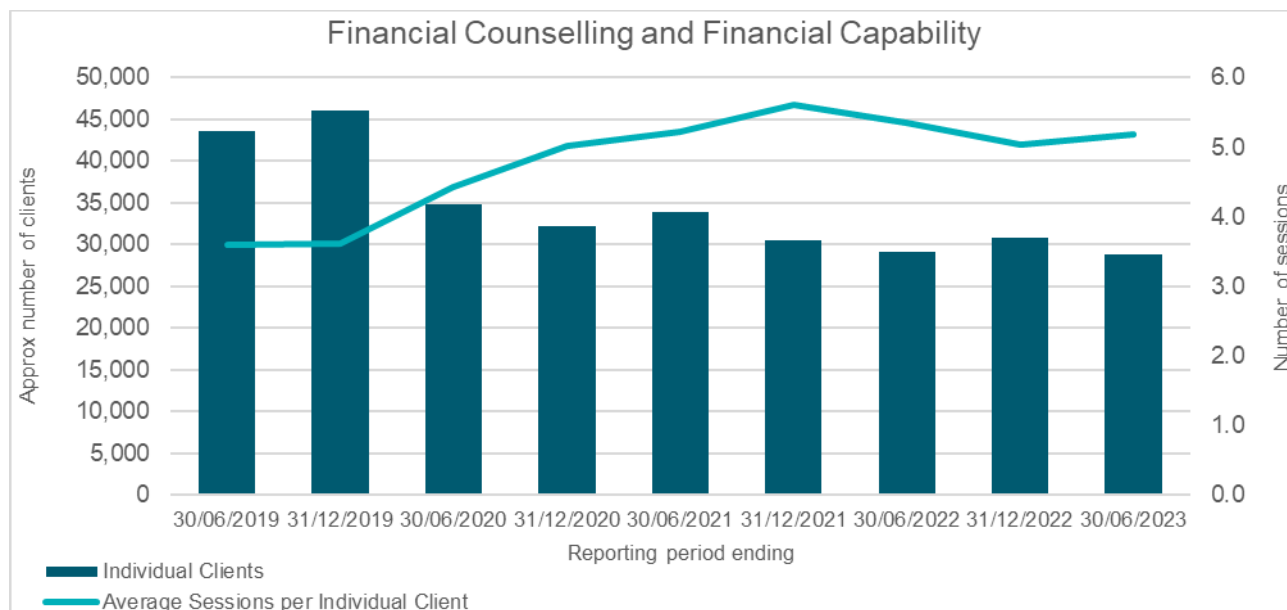
Data Exchange (DEX) data in Figure 5 shows that while client numbers in the Emergency Relief program have fluctuated since 2019, the average number of sessions per client steadily increased from mid-2020 to mid-2022 indicating rising demand, and has since reduced slightly.

Figure 5: Number of Emergency Relief clients and average number of sessions per client 2019 – 2023



A similar trend is evident in the Commonwealth Financial Counselling and Financial Capability program. The average number of sessions per client increased strongly from late 2019 to late 2021 (from 3.5 to 5.5 sessions per client) then reduces – as shown in Figure 6.

Figure 6: Number of clients in Commonwealth Financial Counselling and Financial Capability programs and average number of sessions per client 2019 – 2023



Trends in National Debt Helpline (NDH) data also demonstrate rising client demand for financial counselling services. The NDH allows people to access financial counselling either immediately over the phone or through its live chat function. Information can also be accessed via the NDH website.

NDH data shows the number of calls has fluctuated over the years, while the number of chats and the number of website visits has steadily increased, as shown in Figure 7.

Figure 7: National Debt Helpline – number of calls, chats and website visits

Year	2018-2019	2019-2020	2020-21	2021-22	2022-23
NDH Calls⁶	85,056	158,516	110,867	104,908	140,142
NDH Chat	N/A	N/A	4,952	10,775	13,135
NDH Website	N/A	320,156	392,230	379,875	438,608

Microfinance programs have also experienced recent increases in demand. Over 27,000 NILS loans were provided in 2021-22, increasing to over 36,000 loans in 2022-23.

Financial counselling services have reported *unmet* demand since 2019. The Sylvan Review of Financial Counselling (Sylvan Review) found a strong consensus that services were unable to meet the level of demand. The evidence suggested the need for services was as much as double current service provision (Sylvan 2019: iv).

Currently there is a data gap regarding unmet demand across all FWC programs – noting this is covered in more detail in *Focus Area 7: Improved outcomes and data*.

⁶ Not all calls to the NDH result in a client record being created in DEX.

Complex client needs

Recent stakeholder interviews confirmed that FWC programs continue to see high numbers of clients with multiple and complex needs.

The Sylvan Review found the financial counselling sector was seeing increased complexity in client cases due to 'the intersection of multiple issues (such as debt, gambling and mental health), the higher availability of complex debt products in the market, and the asymmetry of power between the market and consumers' (Sylvan 2019: 21). Research by Hall & Partners identified increasing demand for Emergency Relief services coupled with a growing complexity of client issues, particularly during COVID-19 (Hall & Partners 2022).

Sue* is a single mother with 1 child. English is not her first language. She was escaping domestic violence and living in a women's refuge. For the first time, she had to navigate Centrelink, and lead on paying rent and bills. She had no money for a solicitor to help with getting a domestic violence order in place. She was referred to a Financial Resilience service provider. The provider assisted with a Rent Assistance claim, and a NILS loan enabling Sue to pay out her existing commercial car loan so her ongoing payments were without interest. Sue was assisted to complete the process to get a domestic violence order in place, and also with budgeting support. All this meant Sue could get on with her recovery. Both the refuge case worker and the financial counsellor offered ongoing assistance through the transition period.

(NILS case study of complex needs) *not her real name

Clients with complex needs benefit from multiple, wrap around services, including access to specialist supports, to meet their whole needs.

While FWC programs currently include specialist financial counselling services for people and their families experiencing gambling harm, recent stakeholder interviews suggest there is scope to expand this type of specialist counselling to respond to other complex client needs. Specialist counsellors could address other situations that impact financial wellbeing like mental health, family and domestic violence, disability and those returning from prisons or hospitals.

Early intervention for at risk clients

Most FWC programs continue to support clients in acute financial crisis, such as the Emergency Relief, Food Relief and NILS programs. Recent interviews with FWC stakeholders found it was common for clients to seek FWC services as a last resort, rather than at an earlier point when signs of a financial crisis might be emerging.

Both governments and the sector recognise the benefits of intervening earlier and at the right time, to help an individual get back on track and prevent further financial hardship.

As noted in the Sylvan Review, the timely and 'early intervention of financial counselling for someone experiencing financial stress may prevent larger downstream costs to government and society than if a person were to fall into deeper financial hardship' (Sylvan 2019: 18).

Evidence shows that financial literacy and education is an effective early intervention approach. While it is clearly understood that people in financial crisis may not lack financial literacy or capability skills, financial literacy and education can help people make good financial decisions and to better understand financial products and services on offer (such as mortgages and insurance).

The Organisation for Economic Co-operation and Development (OECD) recommendation on Financial Literacy, adopted in 2020, recognises the contribution of financial literacy towards longer-term financial resilience and wellbeing.

OECD research also identified that financial literacy levels are often lower in financially vulnerable groups, such as women, those on low incomes and with low education levels (OECD 2022).

Young Australians are also at risk of lower financial literacy. A recently published report of selected findings from the Household, Income and Labour Dynamics in Australia (HILDA) survey found that financial literacy declined between the period 2016 and 2020. A slight decline was evident in all age groups but was 'largest for the 15-24 age group, followed by the 25-34 age group' (Wilkins et al 2022: 64).

The department currently funds financial capability and education programs. Saver Plus is an example of a financial education program. This 10-month matched savings program uses the combined power of goal setting, incentives and personal support to assist eligible participants. Participants must complete 10 months of MoneyMinded financial education training and achieve their savings goal to receive the matched savings. Eligible participants who complete the program have their savings matched (up to \$500) by ANZ bank for education-related expenses for themselves or their children. The program shows positive outcomes with 87% of participants saving the same amount or more, 3 to 7 years after completing Saver Plus.

'This is the first time I've been able to stick to saving, it was amazing! I felt so good about myself, and it really showed me that a little bit consistently can actually make a difference. I'm still saving now and have stuck to it. And I learnt from the course different ways I can save money so that's meant I can put away a bit more each week too and get to my goals faster.' Case Study (Saver Plus client)

Stakeholder interviews found that FWC clients need to be in the right frame of mind to engage with preventative and early intervention services, as they are often experiencing emotional and mental stress from a state of financial crisis.

In addition, stakeholders reported that people commonly felt feelings of shame and embarrassment when considering or seeking FWC services. In many cases, this led them to delay accessing services. There are opportunities to reduce this hurdle through increased and earlier awareness of FWC services and through dignified service delivery that supports the self-respect, choices and decisions of the individual.

Consultation questions

3. In what ways can FWC programs and services better respond to current and future client demand, and people with complex needs?

4. What do you consider is an effective FWC early intervention approach for a person at risk of financial stress and hardship?

Focus area 3: Best practice service delivery

Why we are considering this focus area

FWC services have adapted well to changing needs in recent years – providers have introduced innovative approaches (often virtual), there has been strong collaboration across the sector, and a diverse range of funded organisations make valuable contributions to FWC service delivery.

There is no ‘one size fits all’ approach for FWC service delivery. The department will continue to support a range of service delivery models that best meet current and emerging client and community needs and achieve positive client outcomes. For future FWC programs and grants, there are opportunities to:

- continue supporting hybrid and wrap around service delivery models that provide tailored or holistic supports for different client needs
- support, scale up or expand best practice or innovative service delivery models that demonstrate positive client outcomes, efficiency and value for money
- strengthen collaboration and partnerships, including co-location and consortia arrangements, that are equitable, transparent and based on genuine partnerships
- continue funding a diverse mix of service providers including large, medium and small community-based providers, multicultural organisations, Aboriginal community-controlled and Indigenous-led organisations, and disability providers
- strengthen early intervention and prevention service approaches
- better respond to FWC service gaps, including in food relief, in regional and remote areas, or in specialist service delivery
- continue to promote and support accessible, inclusive, safe and culturally appropriate services across the suite of FWC programs.

Key issues/evidence

Hybrid service delivery

Recent stakeholder interviews found a mix of face-to-face, phone and online service delivery continues to offer the most benefit for clients, in terms of access and flexibility. This service mix also offers efficiency and cost effectiveness for providers.

Face-to-face, onsite service delivery is more resource intensive, but is an important way to build connections with clients, including for people that might have cultural or health needs, or low levels of digital literacy or access.

Online delivery methods are often lower cost, have broader reach and accessibility, provide flexibility with extended operating hours, and offer privacy and anonymity for clients. However, clients sometimes lose important social and community connections from virtual participation. There are also challenges around digital access noting 9.4% of Australians are highly digitally ‘excluded’ (Australian Digital Inclusion Index).

Wrap around service delivery

Wrap around service delivery is defined as ‘a client-centred approach, including several interrelated support services’. The Australian Government’s recent White Paper on jobs and opportunities – [Working Future](#) – notes the importance of wrap around supports for people experiencing complex disadvantage.

'The multiple forms of complex socio-economic disadvantage require a holistic approach, and policy response and service interventions from multiple systems. These systems are often fragmented and operate in silos making them hard for people to navigate... This can result in people "falling through the cracks", or being unable to access support. In these circumstances, wrap-around supports can help link people with the range of relevant services. Case management can serve as a glue that brings multiple service systems together'.
(Australian Government 2023:149)

Wrap around services are already embedded in many FWC service delivery models.

The Emergency Relief review in 2022 highlighted the effectiveness of wrap around services, particularly for people with complex and multiple needs. The review acknowledged Emergency Relief not only provides for a person's immediate crisis need, but acts as an important 'entry point' for clients into other services that seek more sustainable client outcomes – such as financial counselling or financial capability building services (Hall & Partners 2022).

Referrals are an essential part of best practice wrap around models, to help people navigate and connect with multiple services to meet their needs. There are established and active referral pathways between FWC services and interrelated supports, such as employment, housing and homelessness, mental health, disability services, family and domestic violence, and addiction services. In recent interviews, stakeholders called for more resourcing to establish and maintain referral pathways given the impact on the capacity of providers (in terms of time, staffing and funding).

Large, multi-service providers often have the capacity to refer clients to ongoing support within their own organisation, and target services to the client's specific circumstances. Smaller providers have established existing relationships with locally based referral partners, to provide connected supports in their local communities.

Co-located services and hub-style models are examples of wrap around service delivery. These models can work well for clients by providing a 'one-stop shop' to access multiple services. Challenges with these models include having the physical infrastructure such as office or community space, building a collaborative culture among services, and cost sharing between provider organisations.

FWC Money Support Hubs, located mostly in regional and remote areas, aim to provide integrated Financial Counselling and Financial Capability services, access to Microfinance products, and in some instances Emergency Relief. The hubs are available nationally but are focussed in Income Management locations, either through a permanent presence or outreach.

Both the department and sector recognise not all people need or want wrap around services. Many will only need one-off, short-term FWC supports.

Collaboration and innovation

During COVID-19, new ways of working and collaborating were needed. Since then, FWC service providers continue to collaborate and innovate across FWC programs.

The Emergency Relief review in 2022 found service providers had increased knowledge of community sector trends, a heightened awareness of the capacity of other providers and a significant boost in trust-building during COVID-19 (Hall & Partners 2022: 10). Collaboration increased among Commonwealth-funded Food Relief providers (Foodbank Australia, OzHarvest and SecondBite) and the NCG was established to provide sector-led, evidence-informed advice to the Australian Government on demand for FWC services.

Consortia arrangements are a model of collaborative service delivery. Currently, there are several consortia funded under FWC programs. These service partnerships, with a lead organisation and provider partners, can be efficient and effective in distributing resources locally and sharing skills, experience and expertise among partners. Consortia also provide a way for large providers to build capacity of smaller providers.

FWC stakeholders have mixed feelings about the efficacy of consortia arrangements. There are challenges around 'competition versus collaboration' particularly when applying for new grants. Consortia lead organisations bear the cost of administering and managing the partnership. There can be tensions around the equitable distribution of funding among partners. It also takes time to establish a consortia. Additionally, the department has little visibility of all consortia partners – grant arrangements are made with the consortia lead. Stakeholders suggest a proportion of FWC grant funding could be allocated to manage the consortia arrangement, that is, to employ dedicated staff.

Another example of collaboration and coordination is the current funding and delivery arrangements for NDH, with organisations funded in each state and territory to deliver this service. While this model provides a positive client experience (via access to local services and knowledge), there needs to be a balance of providing services in this way, and the cost of resourcing and administration across multiple providers.

Recent examples of innovation in FWC service delivery that have both streamlined processes and improved the client experience, include the introduction of the NDH live web chat service (enabling access to a financial counsellor online from 9am to 8pm weekdays) and the rollout in 2022 of the NDH appointment booking service.

The NDH Appointment Booking Project improves the client experience in finding a financial counsellor. With a single call, a person can now have their needs assessed and triaged and an appointment booked with a relevant financial counselling organisation (rather than the potential client having to call around to find an appropriate service to address their needs). Financial counselling organisations can also use the booking tool for their own appointments, taking advantage of text and email notifications and reminders for clients.

Inclusive, safe and culturally appropriate services

The department and FWC service providers are committed to providing inclusive, safe and culturally appropriate services, including for First Nations people, people with disability, people from CALD backgrounds, and LGBTQIA+ people.

As an example, Food Relief providers are increasingly providing culturally appropriate foods to meet dietary requirements of clients and communities. Emergency Relief funding is used to support 'Sorry Business' activities in First Nations communities, involving service providers working with communities to provide the support in culturally safe ways.

Providers that are within communities with a high proportion of First Nation clients are mindful of Indigenous culture and the most appropriate way to engage, support and service these populations. These providers have structured their Emergency Relief programs to encourage First Nation clients to attend for support and connection. Providers offer programs that allow use of space for community gatherings, introduce elders to younger First Nation community members for support and guidance, and develop an understanding of cultural needs. For example, petrol vouchers are provided for First Nation clients to travel and to attend funerals. Culturally, there is a clear understanding that the attendance at funerals is a fundamental activity and connection point of Indigenous clients. Non-attendance can have a huge impact and cause some social isolation. (Case study, Hall & Partners, 2022)

Stakeholder interviews suggest FWC services could be more accommodating for diverse client needs. For example, stakeholders noted asylum seekers and new migrants experienced more vulnerability and barriers to engagement including limited social networks and understanding of local systems and supports. There was a view that mainstream organisations could offer translated webpages and in-language services to support awareness and access to FWC services, and by employing more staff of cultural background or with 'lived experience'.

Regional and remote service provision

FWC services are available nationally, covering all Statistical Area Level 4 (SA4) regions across Australia. However, FWC services can be limited in regional and remote communities due to staffing shortages, supply and logistical challenges.

Emergency Relief and Food Relief are particularly impacted by geographical remoteness. Emergency Relief providers have recently reported food accessibility issues, including in regional and north Queensland, western New South Wales, parts of central Australia, and northern Western Australia. Some sector stakeholders have called for Food Relief to be funded at the state or regional level to overcome supply and demand challenges.

Stakeholders also identified outreach services as increasingly important for regional and remote communities. This model has implications for service providers – they need to draw on resources and networks to facilitate outreach, for example, stretching their workforce to cover both 'business as usual' and mobile services, sending staff out remotely and securing vehicles to transport material and food aid.

Consultation questions

5. Have you experienced a high quality financial wellbeing and capability service and what did this look like?
6. How can the sector and department better support organisations to provide wrap around services, and effective referral pathways for clients, particularly those with complex or multiple needs?
7. Has your organisation introduced a service improvement or innovation that is making an impact in improving client outcomes? What can be done differently or more efficiently in FWC programs, such as the national arrangements for the National Debt Helpline?
8. What approaches could help fill FWC service gaps, including in food relief and in regional and remote areas?

Focus area 4: Workforce capacity and capability

Why we are considering this focus area

Workforce challenges – including issues of staff recruitment, retention and capability building – are a real concern for the community services sector and impact the ability of FWC service providers to provide optimal services for clients. As noted earlier in this paper, declining levels of formal volunteering is of particular concern for Emergency Relief and Food Relief providers.

Building the capacity and capability of the FWC workforce – both paid professionals and formal volunteers – is a priority, noting however, that workforce challenges may be structural factors that are outside the influence of the department or FWC programs.

For future FWC programs and grants, there are opportunities:

- to embed Closing the Gap Priority Reforms that are relevant to organisational capacity and capability building into FWC programs and continue to support diversity (including of organisations delivering FWC services)
- for specialist training and supports for the FWC workforce to better identify and respond to trauma, mental health, family and domestic violence and gambling harm
- to upskill volunteers and paid staff by using scalable training solutions such as online training modules, and sharing learning resources between service providers.

Key issues/evidence

Workforce challenges

Stakeholder interviews highlighted the increasing skillset required of both paid professionals and volunteers to work appropriately with FWC clients who have complex needs. The increasing complexity of FWC client needs (discussed earlier in this paper) requires service providers to recruit more highly skilled and qualified staff, to provide appropriate and evidence-informed responses to clients.

‘Financial counsellors require a Diploma of Financial Counselling and specific knowledge of credit, bankruptcy, debt collection law, concession framework and industry hardship practices. They are trained in negotiation and counselling, and offer emotional support’. (DSS 2022: 2).

Financial counsellors must maintain a broad knowledge of emerging issues and trends (for example, BNPL arrangements) and be skilled in addressing complex intersections between, for example, problem gambling and mental health.

Volunteers also need support to understand changing levels and types of client need and to feel confident to support and work with increasingly diverse client groups. The changing nature of paid work is also impacting volunteers.

‘The nature of paid work is changing, both in Australia and internationally, driven by increased use of automation and artificial intelligence technologies, increased demand for digital skills, changing demographics in the workforce (particularly an increased proportion of workers aged 65 and over), and changing work patterns marked by an increase in part-time, casual, and “gig” roles, and emerging interest in a four-day work week. Greater flexibility and a move away from traditional “9–5” work hours could give people new opportunities to volunteer. Equally, as expectations of paid work conditions and employment practices change, volunteers may expect their volunteering roles to change as well’. (National Strategy for Volunteering 2023-2033: 23)

FWC service providers, like many community services organisations, typically operate with multiple, time-limited funding agreements. The short-term nature of some grants means the lack of tenure is a barrier to recruiting and maintaining staff in the long-term.

Service providers report that more competitive salaries are being offered by other sectors. As community services staff find themselves challenged by financial pressures (for example, from cost of living), they often pursue work in industries with better pay.

Service providers also note that despite offering competitive salaries and good conditions to staff, occupational burnout is resulting in professionals exiting the sector. Workers in social services are often at higher risk of burnout, due to long hours, demand for services and the emotional and mental toll of their jobs. A survey of 1,476 community sector staff – undertaken for Australian Council of Social Service and the State and Territory Councils of Social Service – found half of frontline workers and 68% of leaders said they feel under pressure due to understaffing and emotionally drained from their work (Cortis and Blaxland 2023:14).

The cost of living and liveability in remote areas, including limited housing availability, makes jobs in these regions difficult to attract talent (when there are skills gaps within their local communities) even when offering high salaries.

Building capacity and capability of providers

Governments have made clear commitments under the Closing the Gap National Agreement, to increase the number of Aboriginal-controlled and Indigenous-led organisations delivering services, and to better support mainstream organisations to build their cultural capabilities and diversify their workforces to work more effectively with First Nation clients. The department is progressing this commitment across all programs, including the FWC Activity.

The Closing the Gap National Agreement commits to Priority Reforms that change the way governments work with Aboriginal and Torres Strait Island people and communities. The following Priority Reforms include a focus on organisational capability and capacity:

Priority Reform 1 – Building the Community-Controlled Sector, commits the Government to funding prioritisation policies and sustained capacity building and investment to build the Aboriginal and Torres Strait Islander community-controlled sector.

Priority Reform 3 – Transforming Government Organisations, commits the Government to systemic and structural transformation of mainstream government organisations to improve accountability, and to respond to the needs of Aboriginal and Torres Strait Islander people.

Stakeholder interviews found that First Nations stakeholders and service providers are willing to play an active role in the delivery of FWC programs and educating the sector as a whole, including mainstream providers, to deliver culturally appropriate and culturally safe programs. However, they need to be appropriately funded and resourced to do so. Increasing demand for services meant that people and organisations conducting capability building activities, typically pro bono, were becoming stretched beyond their capacity.

Given increasingly complex client needs, stakeholders have identified the FWC workforce may need more specialised training and staff development in responding to trauma, mental health issues, family and domestic violence, and gambling harm.

Peak bodies play a key role in building sector capacity and capability through sharing information, providing training, conducting research, collecting data, monitoring emerging needs and trends and running events that share sector knowledge.

The department currently funds Financial Counselling Australia, a national peak body, to support organisational capacity building and provide associated training and development opportunities for FWC-funded financial counsellors and financial capability workers, working

in partnership with the Financial Counselling State Associations. There is a gap insofar as there is no similar funded national peak body arrangement for Emergency Relief or Food Relief.

Consultation questions

9. How can the sector and department ensure the FWC workforce has sufficient capacity and capability to meet rising demand and the needs of vulnerable clients?

10. What are some ways the sector and department could better support Aboriginal community-controlled and Indigenous-led organisations, multicultural organisations and disability providers to deliver FWC services?

Focus area 5: Place-based approaches

Why we are considering this focus area

The Australian Government has made a clear commitment to support more place-based approaches in Commonwealth-funded programs and services – recognising the benefits of partnering with local communities to design and deliver services that meet local needs, particularly in areas of entrenched disadvantage.

There is also increasing interest from state and territory, local governments and philanthropic organisations to invest in place-based models and partnerships with the Commonwealth.

For future FWC programs and grants, there are opportunities to:

- support place-based approaches, at the state or regional level, where FWC services can work in partnership with communities, and state and local governments
- engage FWC services in existing place-based initiatives such as [Empowered Communities](#) and [Stronger Places, Stronger People](#)
- embed shared decision making in the different stages of the FWC program and grants cycle including policy design, grant design, selection and implementation
- share FWC program and service level data, at the local or regional level, with community partners to better identify and inform community priorities.

Key issues/evidence

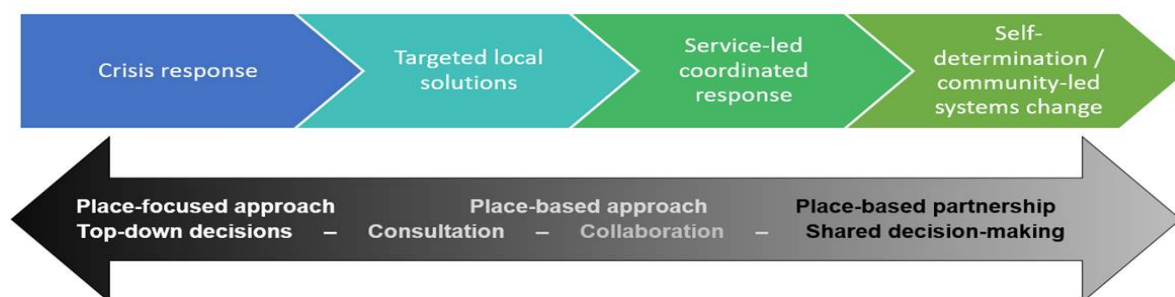
There is growing awareness across governments of identifiable pockets of entrenched and intergenerational disadvantage in Australia where it makes sense to develop and implement community-led responses that seek to ‘disrupt’ the disadvantage and improve the wellbeing outcomes for individuals, families and communities.

As noted in *A stronger, more diverse and independent community sector Issues Paper*, place-based approaches are:

‘...co-ordinated, long-term approaches, some are community-led initiatives, and aim to build thriving communities and ensure local solutions meet the needs of that community. They typically involve local communities, multiple levels of government, service providers and other stakeholders working in partnership to plan, adapt and make decisions about government-funded services, programs and infrastructure to better meet local needs’. (DSS 2023: 28)

There are different types of place-based approaches, along a spectrum of different responses, decision making and levels of collaboration, as shown in Figure 8.

Figure 8: Place-based approaches on a spectrum



Traditionally, FWC programs are viewed as ‘mainstream’ in that they are designed to meet the needs of all eligible people in financial stress and hardship, and are ‘universal’ in the sense they are available nationally, in all Australian states and SA4 regions. However, many stakeholders consider FWC services are already delivered ‘in place’, are tailored to local community needs and include local providers in design and delivery of services.

The *Working Future* Employment White Paper highlighted opportunities for integrating universal social services into place-based models, to tackle entrenched disadvantage.

‘Tackling entrenched disadvantage concentrated in communities requires collaboration, commitment, and a mix of strategies. Universal social services play a significant role in providing Australians with the support they need, however, there is an opportunity to take a new approach and integrate services to address the complex barriers some Australian communities face through support for place-based ways of working. This will require working with First Nations communities and building community capacity, including through social enterprises’. (Australian Government 2023:233)

Interviews with stakeholders revealed a genuine commitment and appetite for place-based initiatives to deliver FWC programs.

Given the prevalence of wrap around service delivery and service intersections already in practice, stakeholders suggested that some FWC programs could be well suited to a place-based model. Stakeholders identified regional and remote locations as having the greatest opportunity for this approach as these areas already embed place-based features in their programs and services. There were some perspectives that the sector is still in the exploratory phase of understanding how the place-based approach is best applied in practice and the outcomes it achieves for clients and communities.

Shared decision making and shared data

The Australian Government has made clear commitments to implement shared decision-making in Commonwealth-funded programs and grants.

Shared decision-making allows communities to have a say in the development of programs and policies that affect them, by bringing community voices to the table at various parts of policy design, implementation and funding.

Under the Closing the Gap National Agreement, Priority Reforms 1 and 4 include place-based commitments.

Priority Reform 1 – Formal Partnerships and Shared Decision Making, commits the Government to building and strengthening structures that empower First Nations people to share decision-making authority with governments to accelerate community led and place-based progress on Closing the Gap.

Priority Reform 4 – Shared Access to Data and Information at a Regional Level, commits Government to ensuring Aboriginal and Torres Strait Islander people have access to, and the capability to use locally relevant data and information to drive their own development and priorities.

The Australian Government’s \$200 million Targeting Entrenched Disadvantage package, announced in May 2023, commits funding for place-based partnerships, to enhance shared decision-making and to capture data insights on disadvantaged communities.

The department already incorporates elements of shared decision-making that are consistent with Closing the Gap commitments.

Examples include *Safe and Supported, the National Framework for Protecting Australia’s Children 2021-2031* which has embedded a ground-breaking approach to genuine partnership and shared decision-making, enacted at the highest level between Community Services

Ministers from all jurisdictions and Aboriginal and Torres Strait Islander representatives, right through to the co-design of grant programs with communities such as the Closing the Gap Outcomes and Evidence Fund and Improving Multidisciplinary Responses Program. These experiences are informing the way the department approaches shared decision-making more widely.

Another example is the department's [Stronger ACCOs, Stronger Families Part 2](#) which aims to strengthen genuine partnerships between non-Indigenous organisations and Aboriginal Community-Controlled Organisations (ACCOs) in the delivery of programs within the Families and Children's Activity.

Communities facing disadvantage are often hampered by a lack of relevant, available data. Sharing, and making better use of program-level and community-level data will be an important element in embedding place-based approaches within FWC programs.

There are opportunities to link FWC programs with existing place-based models and initiatives. As identified in *A stronger, more diverse and independent community sector Issues Paper*, examples of Australian Government investment in place-based programs and partnerships include:

- [Communities for Children Facilitating Partners Program](#)
- [Stronger Places, Stronger People](#)
- [Empowered Communities](#)
- [Connected Beginnings](#)
- [Stronger Communities for Children](#)
- [City and Regional Deals](#).

Consultation questions

11. What are the advantages or challenges of a place-based approach to funding FWC services into the future?

12. Do you have experience in working in place-based or shared decision-making models of service delivery? What are your reflections? Please provide examples.

Focus area 6: Future funding arrangements

Why we are considering this focus area

Increasing demand for FWC services, complex client needs and rising operating costs against a backdrop of compounding macro-economic factors, has meant that future funding arrangements are a key concern for community services organisations.

For future FWC programs and grants, there are opportunities to:

- explore more flexibility in the efficient use of FWC grant funding
- continue longer-term funding arrangements, to provide certainty for the sector
- consider structuring funding arrangements to better respond to local community needs, and time-limited surges in demand
- consider the suitability of current and future levels of funding for FWC programs
- leverage other sources of funding for FWC activities including from philanthropy, industry, corporates and state and territory and local governments.

Key issues/evidence

As noted in *A stronger, more diverse and independent community sector Issues Paper*, the sector has expressed concerns about the efficacy of existing grant programs and their ability to adequately cover the full and rising costs of service delivery, to respond to increased demand, and to support long-term planning for long-term needs of disadvantaged clients.

Despite increased Australian Government investments in the sector, FWC service providers report the current level of baseline funding for FWC programs does not address the scale of need within communities.

Service providers acknowledged they have been stretching their funding dollars for an extended period to support as many clients who present to their services as possible. However, it was untenable to continue operating like this, using baseline program funding in the context of rising demand. Some organisations are making deliberate decisions to see less clients, but providing higher levels of support (for example, increased value of food vouchers or material aid as part of Emergency Relief).

Commonwealth investments in FWC

Total baseline funding for the FWC Activity and individual programs has increased slowly over the years and is currently approximately \$120 million per year.

Since 2020, the Australian Government has provided over \$210 million in supplementary funding above this baseline to boost FWC services to respond to demand from COVID-19, natural disasters and cost of living, comprising:

- \$18.3 million in 2022-23 economic crisis funding, to assist people affected by the compounding impacts of cost of living pressures and recent floods, shared among 166 community service organisations
- \$174.4 million, from 2019-20 to 2021-22, under the former Community Support Package to support people impacted by the coronavirus pandemic, shared among approximately 250 community service organisations nationally
- \$17.8 million in 2021-22, under the former Flood Package to support people affected by the February-March 2022 NSW and QLD floods, shared among 85 community service organisations.

This supplementary funding is due to cease in 2023-24, which is likely to create operational challenges for organisations when returning to baseline levels of funding.

While this additional funding has been widely welcomed by the sector, stakeholders found that the administration and use of this funding has posed challenges for some organisations (such as limited timeframes to spend the funding and recruit staff), on top of normal 'business as usual' funding and service delivery. Some stakeholders expressed a preference for an increase in stable, 'known' baseline funding rather than one-off 'surge' funding.

Other Commonwealth agencies also fund programs that intersect with FWC services such as food security programs in First Nations remote communities (National Indigenous Australians Agency), disaster relief and recovery (NEMA), Rural Financial Counselling Services (Agriculture) and the Small Business Debt Helpline (Treasury).

Other sources of funding

Departmental funding for FWC services is a major contribution to the community sector – however funding is also provided by state and territory governments, local councils, community services organisations, donations and philanthropic organisations.

Each state and territory government also provides funding for (financial counselling) services with the same or similar objectives, as do some local governments. Some jurisdictions considerably boosted their funding in these areas in the wake of the natural disasters experienced in recent years. There is also some philanthropic funding in Australia for financial counselling and support services. (see Sylvan 2019: 26)

Several state and territory governments made additional investments in FWC-type services such as Emergency Relief and Food Relief, in response to disasters and cost of living.

On 23 April 2023, the Tasmanian Government announced Community Food Relief Grants supporting Tasmanians in need with either low-cost or free ready to eat meals. According to the press release, since 2018 the Tasmanian Government has provided more than \$9 million toward the delivery of food relief across the State and had increased its investment in state-wide emergency food relief providers by 20%.

Local councils are also increasingly funding these activities in their local communities. Stakeholders reported that local governments have established connections with community organisations, understand the needs and priorities of their people, and are trusted to deliver community services that are appropriate and tailored to local needs. Several local governments, post COVID-19, have increased investments in food relief strategies to address food insecurity and food sustainability in their communities.

Community services organisations also make significant contributions from their own internal revenue streams to support delivery of FWC services, including through income from op shops and community donations. Service providers have advised they are increasingly drawing on these internal resources to supplement the full costs of delivering FWC services but it is unsustainable in the long-term.

Philanthropy is another source of funding for FWC services, particularly as the Australian Government has made a commitment to double philanthropic giving in Australia by 2030. However, philanthropic funding can be short-term as noted in *A stronger, more diverse and independent community sector Issues Paper*:

'The community sector has expressed support for philanthropy as an important source of additional funding for community service organisations. They have generally supported the Government's efforts to collaborate with and help steward philanthropy in the community services sector. However, some have cautioned risks relating to any reliance on philanthropic funds due to its insecurity'. (DSS 2023: 20)

Increasingly, industry and corporate partners are contributing funding for the FWC sector. For example, the National Australia Bank (NAB) provides capital for NILS and the ANZ bank supports the Saver Plus program.

The Sylvan Review identified that funding is the largest barrier to more Australians in financial hardship being able to access financial counselling. The Sylvan Review recommended industry should contribute funding to address unmet demand for financial counselling services, as they contribute to demand for services and benefit from their customers accessing these valuable services.

Since the release of the Sylvan Review, the department has undertaken extensive work with industry representatives and the financial counselling sector on the design of an industry funding model. The industry funding model will receive and distribute voluntary industry contributions through an independent body to help increase free, independent financial counselling services for people in financial difficulty.

The Australian Government recently secured 3-year funding commitments from industry, totalling around \$30 million, from the banking and finance, energy, insurance, online gambling, BNPL, and telecommunication sectors. The department is working with Financial Counselling Australia to establish the new not-for-profit independent body in early 2024 that will collect and distribute industry funding.

Long-term grant funding

Long-term grant agreements have been a feature of FWC programs for some time. Currently, including the extension period, most FWC grants are on a 6.5 year grant term, with the exception of Financial Resilience grants that are currently in place for 5.5 years (ceasing 30 June 2024).

Long-term funding has many benefits including allowing for better business planning and service development and retaining staff due to job security. However, long-term funding also comes with challenges including excluding potential new providers and limiting providers' ability to adapt to emerging client, service or community needs.

Long-term grants are also supported by indexation arrangements, if indexation is applied to the grant program. However, views on indexation are not being sought in this Consultation Paper. Indexation is comprehensively addressed in *A stronger, more diverse and independent community sector Issues Paper*.

Flexible grant funding

Service providers have expressed a desire to be able to use their FWC grants funding in more flexible ways, including for areas or services where it is most needed. For example, FWC grants funding could be used flexibly:

- to cover rising administration, wage or operational costs
- for training and development, research and evaluation activities
- for case management of clients with complex needs (which is more costly)
- for re-allocation to smaller geographical areas, such as at the Statistical Area Level 2, instead of the current requirement of funding at the Statistical Area Level 4 (regional level)

- to pool with other sources of funding, to allow more flexibility to respond to client need, and to reduce administrative burden from multiple funding sources.

Funding considerations for small providers

Small, locally-based service providers are an important part of the FWC service provider mix, as they are well positioned to know about local clients, services and community needs.

Recent stakeholder interviews found that some smaller providers may not apply for future FWC grants as the amount they currently receive to deliver the program was no longer sufficient – to prepare the grant application, to administer the program, to deliver services and to fulfil reporting requirements of the grant.

Consultation questions

13. What would sustainable and more flexible FWC grants funding look like for you?
14. What are your reflections on the supplementary FWC funding for crisis events that has been allocated to the sector since 2020?
15. How can FWC funding arrangements be structured in the future to better respond to local community needs, and time-limited surges in need?

Focus area 7: Improved outcomes and data

Why we are considering this focus area

Measuring outcomes is important for determining the impact of funded services and programs – to see whether they are making a difference to the lives of people using services. Outcomes data is also important for transparency and accountability of government spending.

Previous reviews of FWC programs identified the need for better data capture and monitoring of outcomes to support evidence-based solutions to improving client and service outcomes. Currently, outcomes reporting is required for all FWC programs, except Emergency Relief.

Additionally, there is a need to update the expected outcomes for the FWC Activity to reflect the changing economic, social and community context for FWC services and ensure alignment with Australian Government priorities as well as community sector and client needs.

For future FWC programs and grants, there are opportunities to:

- embed the updated FWC Outcomes Framework and program logics in service delivery and monitoring and evaluation of FWC programs
- explore ways for service providers to provide additional qualitative and quantitative demand data to the department, including unmet demand data
- consider and rationalise the reporting burden on service providers
- strengthen referrals reporting on DEX, to build a better picture of meeting holistic client needs and the role of FWC services in the broader services system
- publish consolidated FWC program-level data as a helpful tool and evidence for providers and the broader sector
- share service-level and community-level data for place-based partnerships, as outlined earlier in this paper.

Key issues/evidence

Government commitments on outcomes

The Australian Government has made clear its commitment to measure progress in delivering on its objectives and improve outcomes for Australians generally, across a range of related priorities and initiatives.

FWC program outcomes should support and align with these broader government priorities and commitments which include:

- embedding the Priority Reforms of the National Agreement on Closing the Gap to ensure programs are culturally safe and appropriate
- improving outcomes for people with disability, under Australia's Disability Strategy 2021-2031
- embedding the Measuring What Matters framework – to track progress towards a more healthy, secure, sustainable, cohesive and prosperous Australia. Under the framework's 'secure' theme, there are 2 indicators relating to financial security:
 - proportion of households who experience a cash flow problem in the last 12 months
 - proportion of households unable to raise \$2,000 when needed.

FWC outcomes data

Since 2015 the department has progressively implemented outcomes reporting across its client-facing grants through DEX. Organisations funded to deliver services, including those under the FWC program suite, are required to report client numbers and service activities in DEX.

Service providers report outcomes using Standardised Client/Community Outcomes Reporting (SCORE) in DEX for their Emergency Relief, Commonwealth Financial Counselling and Financial Capability and Financial Resilience programs.

Current outcomes data shows that most FWC programs are achieving positive client outcomes. Figure 9 shows outcomes for 'circumstance', 'goals' and 'satisfaction' for some of the FWC programs.

Figure 9: Outcomes data for Emergency Relief and Commonwealth Financial Counselling and Financial Capability services for the period 1 January 2019 to 30 June 2023⁷

Program	% of clients assessed ⁸	Circumstances - % positive outcome	Goals - % positive outcomes	Satisfaction - % positive outcomes
Emergency Relief	5.7% (78,063)	70.5%	69.3%	94.9%
Commonwealth Financial Counselling and Financial Capability	44.1% (34,490)	76.6%	80.9%	95.3%
National Debt Helpline	28.9% (33,859)	80.8%	87.2%	95.5%
Money Support Hubs	49.8% (16,899)	65.7%	73.9%	88.6%
Financial Counselling for Problem Gambling	50.7% (9,353)	70.1%	77.8%	94.0%

The percentage of clients assessed for Emergency Relief is lower as service providers are encouraged (rather than required) to report outcomes in DEX. This pragmatically recognises that Emergency Relief is a crisis support, to meet an immediate need of a client. In itself, Emergency Relief delivers an important short-term outcome for people accessing the service. Importantly, this service often acts as an entry point for other intersecting services such as financial counselling, mental health and housing supports – that can lead to improvements to long-term financial wellbeing outcomes.

FWC service providers understand the importance of good data to build deeper understanding of program performance and to aid service improvements.

Stakeholders report increasing their own internal data collection and reporting to understand the client outcomes their services are achieving. However, there is a view that current data collection and reporting requirements attached to FWC grants tend to focus on what is happening in the moment and how the service is being used e.g. number of sessions, type of service accessed, profile of clients.

⁷ The 3 types of outcomes reported through DEX for individual clients help tell the story of what was achieved: Circumstances (changes in client circumstances, such as mental/physical health, material wellbeing and situation); Goals (progress in achieving specific goals, such as behaviours, skills for lessening the impact of a crisis); Satisfaction (did the client feel the service met their needs).

⁸ These figures include both individual clients and support persons. Service providers are not required to report outcomes for all clients. This column shows the percentage (and number) of clients for whom outcomes were reported.

There is also a view the current outcome metrics captured in DEX may not represent the whole picture of FWC service provision. Stakeholders felt that strengthening the evidence base on client outcomes through better data collection and reporting was necessary in the sector and would better reflect the purpose and intent of FWC services (long-term, sustainable, financial wellbeing and capability).

Demand data

The department and the sector understand the importance of better measuring demand and unmet demand for FWC services.

Since 2020, Emergency Relief providers have been providing regular demand data to the department to help the NCG identify needs in response to COVID-19, disasters and cost of living. This data includes monthly qualitative data, expenditure data and client numbers.

However, a more systematic approach to collecting unmet demand data – such as waiting lists for supports, turn away rates, and clients who had to access more than one provider to have needs met – is needed. Stakeholders have indicated that departmental and sector investment in information technology (IT) systems and staffing capacity is needed to support the collection of unmet demand data.

In recent years the department has undertaken initial modelling work on unmet demand for financial counselling services, which has been used in the development of the industry funding model for financial counselling (as mentioned earlier in paper). The department is currently building a demand model for the Financial Counselling and Emergency Relief programs to better predict future demand and funding requirements.

FWC Outcomes Framework

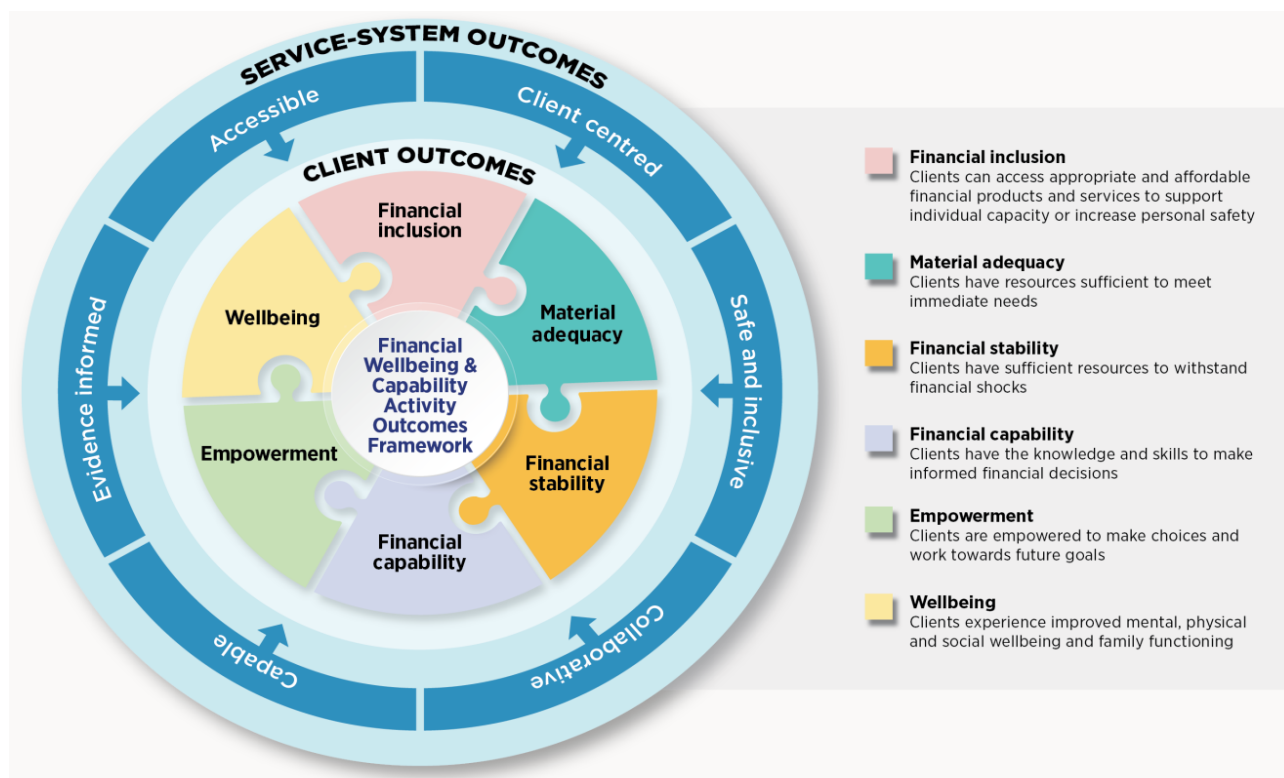
The desire to better understand the outcomes delivered through FWC services has led to work on a draft Outcomes Framework (draft framework) covering the full FWC program suite. This work is at an initial stage.

The draft framework is being developed collaboratively with the Australian Institute of Family Studies, based on current program documentation, research, and consultations with key stakeholders including FWC service providers and the NCG. It will reflect FWC programs as they currently are, and will be updated following stakeholder feedback and any changes to FWC Activity design as a result of findings of the Program Review.

The draft framework will set out shared aspirations and expectations for FWC programs to help guide service delivery, monitor performance and support service evaluation. It will identify the key outcomes at both a client level and a service system level that collectively aim to support people and families experiencing financial hardship or vulnerability.

The diagram at Figure 10 sets out early thinking on 6 client-level outcomes and 6 service-level outcomes that could underpin the draft framework.

Figure 10: FWC Outcomes Framework - client-level and service-level outcomes



For noting, the draft framework is intended to cover all FWC services, but not all of the client outcomes (see the inner circle of Figure 10) will be relevant to all FWC clients or all services. However, FWC service providers should be able to identify at least one of these client outcomes they are working towards.

The service-level outcomes (see the outer circle of Figure 10) provide a guide for 'best practice' FWC service delivery that supports improved client outcomes. Many of these service-level outcomes align to broader Australian Government commitments and initiatives around improved service delivery, for example, to ensure funded services are developed in partnership with relevant communities, are trauma-informed, culturally safe and inclusive. For noting, providers are not required to report service-level outcomes to the department.

The draft FWC Activity Program Logic, **at Appendix B**, connects the current activities delivered under FWC programs, to the outcomes they are aiming to achieve for the client in the short, medium and long term. It shows the intended causal link between the activities, outputs and outcomes of FWC services. Organisations will be able to use this program logic to identify what client outcomes their services are working to achieve. Updated program logics for individual programs, such as Emergency Relief and Financial Counselling, are also being developed.

The draft framework will also identify measures that can be used to track progress towards achieving outcomes, and links between measures and existing reporting requirements in DEX.

The draft framework and program logics will be useful for organisations when planning, delivering, reporting on, and evaluating their FWC services.

Consultation questions

16. What are your views on the proposed draft client and service-level outcomes and draft FWC Activity Program Logic? Are there outcomes your FWC services achieve that are not included? Can you see how your services align with the draft Program Logic?

17. Does your organisation capture data on unmet client demand? If so, what information do you capture and how could the department work with your organisation to report this data?

Next Steps

Thank you for taking the time to read this Consultation Paper. Your views on the issues and questions asked in this paper are important and will be considered in the context of proposed improvements to the FWC programs. Details on how to make a submission are provided on p4.

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EMERGENCY RELIEF (ER) – SNAPSHOT 2023

Description

Emergency Relief (ER) provides immediate financial and/or material support to people in financial crisis.

ER includes one-off assistance such as:

- food parcels
- clothing
- vouchers for food, transport, or medicine
- part-payment of utility account/s
- budgeting assistance and/or
- referrals to other services that help to address underlying causes of financial crisis.

Client eligibility

Services are restricted to people unable to pay a bill or at imminent risk of being unable to do so. Access to ER is free, and there are no citizenship or residency requirements to access ER.

Client Outcomes ¹

Percentage clients assessed • 5.7%

Circumstance Outcomes (positive) • 70.5%

Goal Outcomes (positive) • 69.3%

Satisfaction Outcome • 94.9%



\$318m
Total baseline
funding over
the life of the
grant
1 January 2019 -
30 June 2025 ²



\$50m
Annual
baseline
funding



193
Providers



1,407
Outlets
across
Australia



468,446
Clients
accessed
ER
services



30-49
Most
common
age range
of clients



56%
of clients
identify as
female



21.3%
of clients
identify as
Indigenous



5.4%
of clients
identify as
Culturally
and
Linguistically
Diverse



21.4%
of clients
live with a
disability



68%
of clients
on Income
Support
Payment ³

ALL DATA SOURCED FROM THE DSS DATA EXCHANGE (DEX) FOR THE PERIOD 1 JULY 2022 TO 30 JUNE 2023, UNLESS OTHERWISE NOTED.

¹ The 3 types of outcomes reported through DEX for individual clients help tell the story of what was achieved: Circumstances (changes in client circumstances, such as mental/physical health, material wellbeing and situation); Goals (progress in achieving specific goals, such as behaviours, skills for lessening the impact of a crisis); Satisfaction (did the client feel the service met their needs). The percentage of clients assessed includes both individual clients and support persons.

² Funding excludes GST, SACS, Indexation, and Supplementation. From 2022-23 to 2025-26, eligible providers will receive supplementation funding as part of the Government's measure to relieve additional cost pressures community organisations are experiencing due to minimum wage rises, superannuation and higher inflation. Base funding was originally shared among 196 providers. As of 2023-24, it is now shared between 193 providers (due to mergers and a ceasing provider).

³ This data is derived using Statistical Linkage Keys (SLK) not client ID. Only high quality SLKs that are able to be accurately matched to payments data are counted (i.e. FWC clients with estimated dates of birth or pseudonyms, for example, are not included).

COMMONWEALTH FINANCIAL COUNSELLING AND FINANCIAL CAPABILITY (CFC & FC) – SNAPSHOT 2023

Description

Commonwealth Financial Counselling and Financial Capability - services help eligible people to address their financial problems, make informed choices and build longer-term capability to budget and manage their money. These services are voluntary, free and confidential.

Financial Counsellors are qualified professionals who provide intensive support through an in-depth assessment of a person's financial situation, to understand the extent of the person's financial difficulties and to identify options to address these.

Financial Capability Workers deliver financial literacy education, and information. This includes basic financial literacy education and support either individually or in group settings.

Commonwealth Financial Counselling and Financial Capability – Capability Building – includes funding to support the capability and capacity of the financial counselling sector.

Financial Counselling for Problem Gambling - provides specialised financial counselling services to support individuals and their families affected by gambling harm, by helping to address their financial problems, manage debt and navigate out of financial crisis, and link up with other specialised support services.

Money Support Hubs - provide integrated Commonwealth Financial Counselling and Financial Capability services, and in some instances Emergency Relief services and access to Microfinance products.

National Debt Helpline (NDH) - The NDH provides financial counselling via:

- the 1800 007 007 telephone service, which provides a single contact point for people to access financial counselling, either immediately on the phone, or a referral to an alternate source of service delivery
- the website which provides access to information, resources and a live chat function for individuals to chat to a financial counsellor online.

Client eligibility

Services are available to people who are unable to pay a bill or at imminent risk of not being able to do so, and:

- those in receipt of a Commonwealth social security benefit, allowance or payment;
- newly arrived migrants/non-citizens (priority to be given to newly arrived refugees); and
- women experiencing family violence for the purpose of assisting these women to become financially independent.

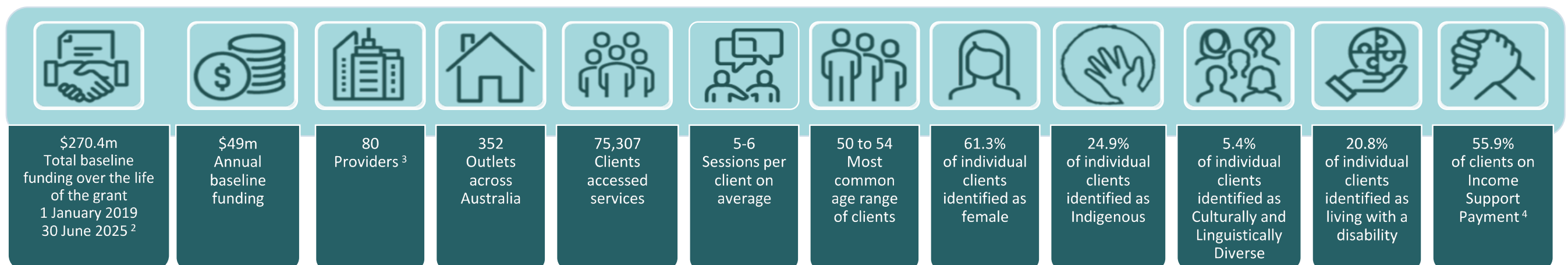
Client Outcomes ¹

Percentage clients assessed • 50.2%

Circumstance Outcomes (positive) • 70.5%

Goal Outcomes (positive) • 79.2%

Satisfaction Outcome • 91.6%



ALL DATA SOURCED FROM THE DSS DATA EXCHANGE (DEX) FOR THE PERIOD 1 JULY 2022 TO 30 JUNE 2023, UNLESS OTHERWISE NOTED.

¹ The 3 types of outcomes reported through DEX for individual clients help provide the evidence base of what was achieved as a result of clients accessing a service: Circumstances (changes in client circumstances, such as mental/physical health, material wellbeing and situation); Goals (progress in achieving specific goals, such as behaviours, skills for lessening the impact of a crisis); Satisfaction (did the client feel the service met their needs).

² Funding excludes GST, SACS, Indexation, and Supplementation.

³ Note some providers are funded under multiple programs.

⁴ This data is derived using Statistical Linkage Keys (SLK) not client ID. Only high quality SLK's that are able to be accurately matched to payments data are counted (i.e. FWC clients with estimated dates of birth or pseudonyms, for example, are not included).

