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RESPONSE:
**DSS Financial Wellbeing and
Capability Activity
Discussion Paper**



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Western Australian Council of Social Services

Response to DSS Financial Wellbeing and Capability Activity Discussion Paper

March 2017

Preamble

The Western Australian Council of Social Service Inc, (WACOSS) is the peak council of community service organisations and individuals in Western Australia. WACOSS stands for an inclusive, just and equitable society. We advocate for social change to improve the wellbeing of West Australians and to strengthen the community sector service that supports them. WACOSS is part of a national network consisting of ACOSS and the State and Territory Councils of Social Service, who assist low income and disadvantaged people Australia wide.

As the peak, WACOSS is committed to working closely with Emergency Relief (ER) and Financial Wellbeing and Capability (FWC) services and their stakeholders on projects aimed at building capacity across the sector. WACOSS has consulted relevant members and welcomes the opportunity to provide comment on the DSS Financial Wellbeing and Capability Activity Discussion Paper on behalf of this group.

Before responding to the respective discussion areas, WACOSS would like to bring to the Department's attention an overarching observation that this proposal to redesign funding aimed at redressing financial stress **fails to acknowledge structural disadvantage which holds vulnerable cohorts in perpetual poverty**, and creates intergenerational populations who experience this. Stagnating wage growth, growing underemployment and unemployment, higher living costs, and the gradual undermining of social security safety nets are all contributing to mounting financial hardship. Because poverty rarely exists in a vacuum, many FWC clients live with a myriad of issues, and encounter barriers, that impact on wellbeing that further exacerbate their disadvantaged position. Urgent and multidimensional reform to address the underlying causes of poverty are needed to ameliorate regular and persistent requests for ER and FWC services. From our point of view this is a **significant omission** and our commentary below needs to be read in this context.

The Council would also like to take the opportunity to alert the Department about the lack of West Australian providers who were consulted in the FWC Sector Survey undertaken by KPMG in 2014, and which forms the basis of the discussion paper. In addition to this, the service delivery landscape has been significantly altered since this time, as it likely has in other States.

1. Strategies to improve targeting of services

In reply to the Department's proposal to streamline categories of service recipients, the Council would like to emphasise that **FWC services are already targeted** to people at financial risk. Because of this we are opposed to additional narrowing of ER and FWC eligibility criteria.

Reducing financial hardship to those at imminent risk of not repaying debt **excludes a range of other groups** also in need of ER and Financial Counselling services. There are a range of scenarios, besides debt, that can cause financial stress. For example, some people on low incomes, struggling with managing weekly budgets can experience financial risk on a cyclical basis. An unforeseen or catastrophic event can aggravate this. People who are homeless may not accrue debt because they do not meet qualify for the conditions of a loan from a financial institution, but may still experience imminent financial stress, is another.

Furthermore, lifting the threshold for service eligibility may mean that financial counsellors **miss the opportunity to intervene early** to prevent those at risk from getting into significant levels of debt. A consequence of delaying assistance is that, by the time financial counsellors are providing support to those in financial stress, the complexity of their financial arrangements and level of indebtedness is such that intervention is more problematic and positive outcomes increasingly unlikely.

ER and Financial Counselling services needs to be made available to all people experiencing financial hardship and who have limited means and resources to alleviate their situation. ER in particular is a necessary safety net. Most **organisations have developed and implemented ER and Financial Counselling eligibility criteria guidelines**, and which takes into account their particular setting and the needs of the local client group(s).

Recommendation: The Department adopts broader ER and Financial Counselling services eligibility criteria, to ensure any one in need can access these. Local providers retain scope and discretion to tweak criteria to suit the circumstances of their respective service provision.

Restricting access to Financial Capability services to those in receipt of an Australian Government social welfare allowance, pension or benefit, similarly ignores groups who may not fit this criteria, but who may also experience financial hardship. The Department's position in this section is contrary to the overall gist of the re-design proposals to include an early intervention focus. As above, reducing eligibility to Centrelink recipients is problematic because **whole segments of the population are potentially omitted**.

Intervening to provide support to cohorts who are not yet in receipt of an Australian Government social welfare allowance, pension or benefit is sound **long term investment** from the Council's point of view. The effect of limiting (or in actuality, delaying) access to financial counselling services to those who are currently on income support will likely be a **lost opportunity to avoid a financial crisis** that will eventuate in unemployment, resulting in much higher longer-term systemic costs. In the vast majority of circumstances, it is much easier to keep people in employment than it is to assist them back into the workforce.

If the Department specifies that some vulnerable cohorts will be targeted, namely victims of family and domestic violence and immigrants/non-citizens, it is imperative that other groups are also listed. The Council is concerned that Aboriginal and Torres Strait People in particular are currently absent from this list. In addition to those described above, this can also include people and families experiencing housing stress and/or homelessness, people living with a

mental health issue, people entrapped in unethical finance deals, older people, and so on. Not having inclusive eligibility criteria will have the **consequence of creating more people experiencing financial crisis**.

Recommendation: Align FWC eligibility criteria with the principles of early intervention and flexibility for vulnerable groups as per the *National Financial Literacy Strategy 2014-17: Action Plan*.¹ This approach is consistent with the more proactive gist of the Department's discussion in other sections.

2. Strategies to increase service integration

There is no doubt that **coordinated and integrated service delivery leads to better outcomes** for consumers. Although the Council welcomes the Department's acknowledgment of this, we would like to bring to the attention of the Department that actual and virtual **service hubs already exist** in the sector. These have been established through the understanding and goodwill of current providers. And these collaborations and linkages are documented in a variety of ways, spanning formalised and informal arrangements. For this reason, the Council does not support a mandated approach to service integration, but does support greater recognition, encouragement and resourcing of more integrated service models.

From the perspective of the Council, the co-location of a Financial Counsellor and Financial Capability worker do not constitute a Service Hub in isolation. Because FWC service recipients invariably present with a range and complexity of issues in addition to financial risk (and which the Department recognises), collaboration with a much greater range of partner providers is needed to address client needs.

Also from the sector's perspective, the funded 'Hubs' have had varying degrees of success, and this is dependent on location and accessibility. For example, they seem more effective in metro areas compared to the country areas. Notwithstanding this, so called Service Hubs are underfunded and the agencies consulted reported that the current amounts cannot cover 2.0 FTE. **Information sharing, networking, collaboration and integrated** service models need to be resourced and clearly supported in the service model to work. Requiring them without resourcing them or building them into the service model doesn't. The early reports of the effectiveness of the Family Support Network Hubs being established in Western Australia, as part of the Department for Child Protection and Family Supports Early Intervention Strategy² have been attributed, in part, to the resourcing of triage and administration activities. Resources for outreach, to allow provision via a 'Hub and Spoke' model is a variation on this, and may be more appropriate in some circumstances.

¹ <http://www.financialliteracy.gov.au/strategy-and-action-plan/financial-literacy-action-plan>

² <http://www.dcp.wa.gov.au/ChildrenInCare/Documents/Building%20Safe%20and%20Strong%20Families%20-%20Earlier%20Intervention%20and%20Family%20Support%20Strategy.pdf>

Recommendation: Permit ER and FWC service delivery pathways, partnerships and integration to be established in ways that suit respective service delivery contexts. Funding levels for Hubs need to be increased to reflect the actual cost of providing these and include additional resourcing for effective triage and other administrative support.

The Council is concerned that a move away from localised and smaller providers is inferred as part of a streamlined service delivery. The Council supports the **ongoing contracting of preferred local providers** who have knowledge, experience and relationships with the most vulnerable cohorts in their community. Retaining a diversity of providers also reflects the respective uniqueness of each practice context.

Recommendation: Build the capacity of existing providers for localised outreach, prevention and early intervention, co-located and collaborative service delivery.

West Australian stakeholders were surprised to read that the Department reported that 70% of FWC programs only provide a single service, and the Council **questions this statistic**. Providers explained the reason other types of services are not being captured is most likely the result of inflexible data entry and 'clunky' software. Recording information about multiple service types is currently onerous on the DSS Exchange platform, because only one service type can be selected on each service occasion. Although the creation of **multiple occasions of service** is a well known method to accurately show different supports provided, it is time consuming and therefore not a priority amongst an already stretched workforce.

The Council considers that the Department's separation of FWC activities in the discussion paper is problematic. Because they are **complementary and co-exist on a continuum** of financial literacy and capability they are difficult to detach from each other. The separation of ER from these services is another unrealistic dichotomy, these services are often delivered in conjunction with each other and clients' journey through them services is rarely linear either.

Recommendation: ER and FWC client data systems be developed to reflect and capture holistic and integrated service delivery.

3. Strategies to support client outcomes

Whilst the Council supports FWC service recipient pathways to job preparedness and employment, the Council recognises that this is not always appropriate, nor should be the mandated work of FWC services. There is a cohort whose disadvantage and **disempowerment is so entrenched** that this is not realistic aim, at least in the shorter term. It would be inappropriate to combine the accessing of ER assistance with concurrent conversations about preparing to enter the workforce for clients, accessing ER as a last resort. People seeking support to alleviate a crisis are unlikely to be in a position to make longer term employment plans. The Council acknowledges that there are opportunities for **improving the connectivity** with Job Networks in Western Australia, however the clients in this sector are rarely the most vulnerable cohorts that characterise the FWC sector.

Recommendation: Pathways between FWC and employment supports and services is determined by client's presenting needs, and decided in consultation with workers. Referrals are encouraged where appropriate.

The Council is concerned that the discussion paper mentions 'within a certain timeframe' but **doesn't specify the timeframe**. The expectation that service recipients 'demonstrate that they have taken reasonable steps' to alleviate their situation is also ambiguous. For the most vulnerable cohorts it is **potentially punitive** as well. Stakeholder agencies whose service experiences form the basis of this response all had strategies to address recidivist requests for FWC support. Most have good practice mechanisms in place to try to mitigate dependence/non-capacity. Providers also recognised that despite this, there are exceptional circumstances and financial shocks for some people and families where unanticipated expenses cannot be accommodated into weekly household budgets.

Recommendation: Repeat requests for ER and FWC needs to be managed locally and not enforced at a DSS funding level.

Without FWC support this group is vulnerable to opportunistic providers, such as pay day lenders, and the chance to bounce back is further diminished

Recommendation: A complimentary increase in no interest or low interest loan services to mitigate against predatory and exploitative lenders.

4. Strategies to build a strong workforce

The Council concurs with the proposal for **greater workforce capacity and capability**, and improved professional development pathways for FWC practitioners. This is an imperative in Western Australia, where the Diploma for Financial Counselling is no longer available. Furthermore, training must be tailored to the technical knowledge and legislation unique to each State.

Because FWC is often an entry point for people with very complex needs, any professional development must also equip the workforce with knowledge and skills to assess and respond appropriately. In addition to being able to work with clients who experience family and domestic violence, homelessness, mental health issues and/or substance misuse, relationship building and advocacy attributes are essential components of FWC training. In addition, the FWC workforce is generally aging, so strategies to attract, develop and retain new staff are needed. Remuneration commensurate with skills and experience will be part of this. The significant volunteer contribution needs to be recognised as part of this package as well.

Recommendation: FWC workforce development needs to be adequately resourced, tailored and be provided on an ongoing basis that includes refresher courses.

The Council also supports the development of an operations guidelines kit for ER and FWC, and see that this would ideally include a framework of principles of practice, rather than a

prescriptive approach to service delivery. Any service delivery tools, such as case management and safety and risk templates should also be able to be adapted to suit local service delivery needs and groups.

Recommendation: Development of FWC practice principles and tools with provisions for local amendment before implementation.

5. Strategies to strengthen evidence and measure outcomes

The Council supports a shift towards **measuring the impact of service delivery** instead of primarily focussing on the incidence of service delivery. This would include being able to report on short, medium and long term affects, as well as the impact of the service in other areas of client's lives beyond FWC, such as family and domestic violence and homelessness amongst other areas. As mentioned above, assessing the degree of service integration would be a complementary extension of this too. Outcome Star is client-centred measurement tool that many in the sector are familiar with and endorse as an example of an evaluation tool.³ The Council encourages the Department to meaningful involve the sector in any development of the outcomes measurements, to inform and improve practice. Finally, whilst we welcome this shift in emphasis, we caution that any changes in reporting these not be an additional administrative burden on the workforce.

Recommendation: Establish client outcomes in consultation with the sector and expand DSS Exchange to better capture these.

In Conclusion

To reiterate on the Council's introduction, while offering some benefits in terms of recognising the **complex needs** of ER and FWC and advocating **service integration**, there is a significant risk that the redesign proposals that the Department has presented will prove ineffectual, unless the structural causes of financial stress and systemic impediments to economic equity are also considered. This includes factors that impinge upon social and emotional wellbeing and the manner that service users are supported and encouraged to take greater control over their finances and their lives to achieve **aspirational life outcomes**.

To ensure **coordinated and consistency** in service delivery, we urge a whole of Government approach that also encompasses the Emergency Relief and Financial Counselling programs concurrently funded by the State. This is especially important in Western Australia, because these State programs have sustained recent and significant cuts in funding, stretching already oversubscribed services. In addition to mapping of services, this would entail aligning program logic and reporting to encourage greater service integration.

To remain within the word limit, the responses submitted in this paper have been collapsed into the five themed areas which collectively address the more specific questions posed by the Department.

³ <http://www.outcomesstar.org.uk/research-and-briefings/>

The Council would welcome the opportunity to discuss these issues in more detail with the Department.

Please contact Jennie Gray on (08) 9420 7222 or jennie@wacoss.org.au if you have any questions.

Yours sincerely

A handwritten signature in black ink that reads "L. Giolitto". The signature is written in a cursive style with a large initial "L" and a long, sweeping tail.

Louise Giolitto

Chief Executive Officer

Western Australian Council of Social Service