Good Shepherd
Australia New Zealand

Submission to the Review of Financial Wellbeing and Capability Programs

Department of Social Services

January 2024

Good Shepherd Australia New Zealand

29 January 2024

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Table of contents

Acknowledgements

Good Shepherd Australia New Zealand (Good Shepherd) acknowledges the Traditional Custodians of the lands and waters throughout Australia. We pay our respect to Elders, past and present, acknowledging their continuing relationship to land and the ongoing living cultures of Aboriginal and Torres Strait Islander Peoples across Australia. We recognise that the perspectives and voices of First Nations peoples should be at the forefront of conversations about family, domestic and sexual violence in Australia.

We remember, honour, and acknowledge former residents of Good Shepherd Homes across Australia and New Zealand. A childhood in the institutions was often full of social, emotional, and physical hardship, and we recognise the ongoing effects of this experience into adulthood. We hear your voices, we believe your stories, and we see your struggles – as well as your resilience. Let us take these next steps together to ensure past mistakes are never repeated.

About Good Shepherd Australia New Zealand

The Sisters of Good Shepherd was established in France over 400 years ago to respond to the needs of women and girls. The first program was a refuge that offered new opportunities for women and girls who were trapped in situations of poverty and exploitation who wanted to change their lives. Saint Mary Euphrasia Pelletier carried forward this mission, expanding internationally. We are now the largest, longest running organisation supporting women and girls, located in 73 countries, and with consultative status on women and girls at the UN. Good Shepherd has worked in Australia and Aotearoa New Zealand since 1863. We provide programs and services that support women, girls, and their families to be strong, safe, well, and connected. Our clients are at the centre of what we do. We are focused on responding to their emerging needs and on providing innovative, locally tailored responses. Our services are complemented by research, advocacy, and policy development that address the underlying structural causes of injustice and inequality to pave a way for a better tomorrow. We know one sector cannot disrupt the growing hardship in the community; we are building cross-sector coalitions to pursue our aims.

Executive Summary

Good Shepherd welcomes the opportunity to provide a submission to the Review of Financial Wellbeing and Capability programs (Review) consultation process conducted by the Department of Social Services (Department).

Good Shepherd has established a substantial national presence and influence through its Financial Wellbeing and Capability (FWC) programs. In 2022/23 our FWC initiatives directly served over 80,000 people, and our financial counsellors successfully alleviated clients' debts by saving them over $3.6m.[1] Our programs support financially vulnerable Australians across a continuum of financial wellbeing needs from prevention to crisis intervention, recovery and resilience.

Demonstrating our commitment to impactful partnerships and program delivery, the No Interest Loan Scheme (NILs) is disseminated through 170 local community organisations across 600 locations. Further, Good Shepherd has recently introduced an integrated, place-based financial resilience program in Queensland, focusing on 20 priority communities. This initiative underscores our dedication to addressing specific community needs and fostering financial empowerment.

In this submission, Good Shepherd has responded to almost all questions in each Focus Area as detailed in the Review's Consultation Paper (consultation paper).[2] Our key recommendations focus on:

- The strong role that FWC programs can play in disasters, the need for an integrated financial wellbeing strategy, the importance of digital financial literacy, and the need for protection from technology facilitated abuse;
- The financial wellbeing needs of emerging FWC client cohorts, including the newly vulnerable and middle-income earners, and the centrality of a savings buffer for building financial resilience;
- High quality FWC programs that feature co-design to establish wraparound services, address short- and long-term financial and psycho-social needs;
- Developing consistent financial capability training for all frontline domestic and family violence staff, domestic and family violence training for FWC workers, and incorporating trauma-informed principles into all FWC programs;

[1] Good Shepherd Australia New Zealand (2023a).
[2] Department of Social Services (2023).

- Recognising that place-based approaches harness and share resources in communities that are 'place-based ready', but are hindered without longer-term, flexible funding arrangements and backbone support;
- Flexible funding involves parties being able to request amendments in order to be truly client and community centric, and must account for service provider's governance and compliance obligations;
- The enhanced impact of supplementary funding requires more lead time and crisis brokerage; and
- The need for a shared conceptual understanding of financial wellbeing that underpins FWC services and programs, and multiple metrics for capturing unmet client demand data.

We welcome the opportunity to provide further evidence to the Department in relation to any of the matters raised in this submission.

Recommendations

Focus area 1: Current operating environments and systemic issues

Recommendation 1: Ensure the integration of a financial wellbeing strategy, prioritizing the needs of women, including victim-survivors, and their children in disaster-affected communities, within the National Disaster Mental Health and Wellbeing Framework.

Recommendation 2: Enhance the navigation and coordination of the service ecosystem to better meet the needs of people facing financial hardship and seeking disaster support.

Recommendation 3: Design FWC programs so that they provide timely access and support service users to navigate different disaster payments available across State, federal and local government levels.

Recommendation 4: Target financial wellbeing and capability services to the needs of specific community cohorts through adopting a more extensive place-based approach.

Recommendation 5: Re-establish a national financial wellbeing body that can take charge of and ensure the many elements of the FWC ecosystem are working together to enable all Australians to experience financial wellbeing.

Recommendation 6: Refresh the National Financial Wellbeing Strategy which reflects changes in our ecosystem, the impacts of disasters and rapid changes in technology.

Recommendation 7: Promote and expand an enhanced Financial Inclusion Action Plan (FIAP) regional model – beyond their current footprint in Geelong and Northern Adelaide – to drive place-based systemic change that activates, enables and drives a stronger, broader ecology of support.

Recommendation 8: Support people who need digital access, knowledge and capability. Incorporate technology-facilitated abuse into training for FWC workers.

Recommendation 9: Work with other relevant government departments to reduce the ability of perpetrators to use BNPL and other technology-based platforms to inflict financial abuse on women.

Recommendation 10: Enable easier and dignified access points to place-based services and community locations with practical help for service users such as access to printing, photocopying, etc.

Focus area 2: Changing client needs

Recommendation 11: Government should allocate funding for well-designed research aimed at building sector-wide understanding of emerging client needs, including those who are 'newly vulnerable'.

Recommendation 12: Modify funding criteria to align with the evolving client profile and the increased complexity of client financial issues.

Recommendation 13: FWC program funding should allow for greater in-depth and wrap-around support for clients with complex needs and also for newly vulnerable people to build resilience and prevent the need for cyclical credit.

Recommendation 14: Employ specialist counsellors such as social workers, to work closely with FWC workers, preferably within co-located or place-based models.

Recommendation 15: FWC programs and policies should reflect the changing macro and financial landscape to facilitate building financial resilience and protect already vulnerable people from over-indebtedness.

Recommendation 16: Earmark grants dedicated for early intervention programs including awareness raising for cohorts at risk of financial hardship, particularly the elderly and people from culturally and linguistically diverse communities.

Focus area 3: Best practice service delivery

Recommendation 17: Provide targeted funding to service providers to enable co-design processes, lived experience voices and cultural perspectives to be integrated into developing wraparound services and referral pathways.

Recommendation 18: Resource and invest in innovative FWC programs that support women to recover from financial harm, build confidence, and realise long-term aspirations.

Recommendation 19: Provide ongoing funding for the Financial Inclusion Action Plan program, expanding the place-based initiatives in communities that need most help in building financial wellbeing.

Recommendation 20: Expand place-based Financial Inclusion Action Plans that would focus on the financial wellbeing of women and families in specific communities impacted by disaster or changing macro-conditions.

Focus area 4: Workforce capacity and capability

Recommendation 21: Invest in sector capability training to ensure all FWC staff have suitable training in trauma and disaster counselling/support. This includes funding regular and effective supervision for FWC workers for debriefing to mitigate vicarious trauma.

Recommendation 22: Embed financial capability training within Social Work and Community Services courses.

Focus area 5: Place-based approaches

Recommendation 23: Ensure that the needs, systems and infrastructure capabilities of small organisations are taken into account when developing place-based funding models.

Recommendation 24: Develop funding models and initiatives that include communities that experience barriers to 'place-based readiness'.

Recommendation 25: Provide longer-term funding for place-based initiatives to accommodate longer establishment phases and to realise long-term outcomes.

Recommendation 26: Ensure that funding agreements allow for increased time and resources for development of partnership and community relationships.

Recommendation 27: Invest in fit-for-purpose data management, risk management and reporting systems for place-based initiatives.

Recommendation 28: Ensure that place-based funding contracts include clauses to allow for implementation, monitoring and evaluation processes, and programmatic flexibility.

Focus area 6: Future funding arrangements

Recommendation 29: Introduce contractual mechanisms for program flexibility.

Recommendation 30: Increase resources to meet the cost of compliance, risk, and governance requirements.

Recommendation 31: Ensure sufficient lead time to utilise supplementary or crisis funding.

Recommendation 32: Supplementary crisis funding must include brokerage funding, based on an agreed brokerage allocation scale or framework, to all FWC service providers and programs to meet the immediate material needs of service users.

Recommendation 33: Legislate a mandatory industry funding model for financial counselling that better aligns to the service model.

Focus area 7: Improved outcomes and data

Recommendation 34: FWC programs should use more specific and consistent measures of financial resilience and vulnerability to better assess the needs of clients.

Recommendation 35: Research and evaluation should be invested in to allow for more accurate and comprehensive understanding of the impact of FWC programs. Methodologies for outcome measurement need to align with the nature of the service.

Recommendation 36: Expand and leverage the full potential of the Measuring What Matters data dashboard, ensuring that dashboard indicators align with the long-term outcomes outlined in the program logic.

Recommendation 37: Utilise government capacity for analysing place-based data to optimise the delivery of FWC programs.

Recommendation 38: Before implementing changes to data collection and reporting, it is crucial to conduct thorough testing of new methods. Any efforts to enhance data collection and reporting requirements should be accompanied by investments in building data capacity and capability, with a special focus on supporting smaller service providers.

Focus area 1: Current operating environments and systemic issues

Financial wellbeing in Australia has declined since January 2022.[3] Overall the financial wellbeing score has dropped 5.5% in the year June 2022 – June 2023. The proportion of Australians who are 'struggling' has increased from 15.6% In June 2022 to 19% in June 2023.[4] The cohorts who are struggling the most are those that reflect the characteristics of Good Shepherd clients: people who are renting, have low-incomes, unemployed, women, culturally and linguistically diverse communities, and First Nations peoples.

Question 1. What future role could FWC programs play in disasters and other crisis events?

FWC programs inevitably have a strong future role in disasters as climate change intensifies. This role encompasses not just response and recovery FWC programs but also preparedness and prevention, particularly in high-risk areas. Climate-related disasters are already profoundly affecting the adaptive and coping capacity of Good Shepherd's clients (women and families), including their capacity for financial wellbeing.

Good Shepherd has insights into disaster-related financial wellbeing from its work with disaster-affected clients across Victoria, Queensland, New South Wales and South Australia following the unprecedented 2019-20 'Black Summer' bushfires, and extensive recent flooding in these States. Good Shepherd delivered disaster recovery programs in northeast Victoria and East Gippsland following the 2019-20 fires: one program focused on financial capability, and the other on women's small business recovery.

Good Shepherd also works with disaster-affected clients through its general financial wellbeing services, such as the NILs network and the Financial Independence Hub (FIH), a specialist program for women recovering from financial abuse and other financial impacts of family violence. As nationwide services, NILs and the FIH have the capacity to reach disaster-affected Australians in any State or Territory.

[3] ANZ (2021).
[4] ANZ (2021).

Good Shepherd is also attuned towards disaster preparedness, namely, through the Financial Resilience Guide "Prepare, Protect, Recover – Disaster Proof your Finances".[5]

As a result of Good Shepherd's programmatic experience, and extensive consultations with practitioners about the impacts of climate change on women and families (Good Shepherd report forthcoming), we suggest future FWC disaster-related programs should have the following design and funding features:

- Seamless service navigation
- Comprehensive understanding of financial wellbeing in disasters
- Sector capability and funding to deliver trauma-informed services
- Program and funding parameters that recognise the new disaster paradigm and can adapt appropriately
- Community-led place-based disaster programs

Eliminating service coordination and navigation challenges

The process of navigating various support services is causing clients to disengage or fail to seek assistance. While a variety of services exist across government, corporate, and nonprofit organisations to address financial hardship and post-disaster support, there is a noticeable absence of coordination at the ecosystem level. This challenge cannot be adequately addressed by online service navigation tools alone and requires cross-organisation and cross-jurisdictional coordination.

Comprehensive understanding of financial wellbeing in disasters

The Australian Government has invested considerable effort in establishing frameworks for responding to disasters within the country, exemplified by the recent development of the National Disaster and Mental Health and Wellbeing Framework by the National Emergency Management Agency.[6]

As a priority, FWC programs should proactively support the integration of financial wellbeing within this comprehensive framework. Recognizing the interconnected nature of mental health, overall wellbeing, and financial stability is vital for a holistic approach to disaster response and recovery.

[5] Good Shepherd Australia New Zealand (2021a).
[6] https://nema.gov.au/about-us/budget-2023-24/Mental-Health-Wellbeing-Framework.

Presently, Australia's understanding of disaster-related financial wellbeing is evolving and fragmented, with more clarity on certain issues (such as insurance gaps) than others. There is a need for a more comprehensive examination of financial risks across various cohorts, including an exploration of the specific risks faced by women in disaster situations.

Based on Good Shepherds client services experience to date we suggest that FWC programs in disasters respond to the following three core financial wellbeing needs:

Ability to cope with disaster-related income shocks

FWC programs can support women to sustain or increase secure, paid work following disasters. The income/work impacts of disasters play out differently for men and women, and among disaster types. Bushfires tend to increase the availability of employment in male-dominated industries (e.g. transport), and reduce women's employment in female-dominated industries (e.g. retail services).[7] Following the 2009 'Black Saturday' bushfires in Victoria, income declined for low income-earners and continued for the female workforce some seven years after the fires.[8] Women may need tailored support to seek or sustain paid work, especially in the face of additional post-disaster care work (e.g. care of children, injured partners etc.),[9] or new or escalated family violence.[10]

Ability to cope with increases in everyday expenses

Good Shepherd's clients contend with steep increases in everyday expenses following disasters, such as high inflation in food prices, and higher transport expenses when fuel prices spike and people have to drive longer distances due to infrastructure damage. These expenses accumulate significantly but are somewhat hidden in comparison with costs like repairs to damage to homes and replacement of belongings. Government disaster payments, grants and emergency relief schemes help to alleviate some of these hidden expenses. In Good Shepherd's experience, clients are often confused about which disaster payments are available at State, federal and local government levels, and would benefit from navigation support. FWC programs can play this navigator role and support timely access.

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[7] Hickson & Marshan (2022).
[8] Ulubasoglu (2020).
[9] National Mental Health Commission (2021) and Shaw, van Unen & Lang (2021). On pre-existing gender differences in unpaid care work see Australian Bureau of Statistics (2022).
[10] Gibbs et al. (2021).

Ability to cope with damage to, or loss of, homes and belongings

FWC programs already help people deal with the profound impact of housing damage and loss, and the loss of belongings, but this role will need to become much more substantial as disaster risks change due to the climate crisis, and as insurance becomes more complex or unattainable.

Based on Good Shepherd's experience, there appear to be two key cohorts FWC programs could assist in this respect.

One cohort is people who are underinsured or uninsured but who have enough income to take out some level of home/contents or car insurance coverage, including:

- renters with adequate incomes: one study found only 26% of private renters and 23% of public renters had contents insurance, versus 88% of mortgage holders.[11] Rates are lower still among low-income renters, with the 2019 analysis of NILs applicants showing only 6% of renters had contents insurance versus 39% of homeowners.[12]
- people living in locations at heightened risk of disasters who are not familiar with these risks, including households on the urban fringe, and renters who are regularly displaced by high rents and tenure insecurity into new, higher risk housing locations
- a larger group of Australians (which we expect cuts across lower and higher income groups) who need some assistance to understand insurance policies,[13] and to assess climate-related disaster risks, which are changing rapidly and are poorly communicated by insurers and governments.[14]
- insured households who need assistance with complex and potentially distressing claims processes. Good Shepherd has found many clients need specialist help to deal with insurance claims following disasters. Adverse experiences with insurance companies can be a significant, secondary stressor on top of disaster stressors, and are associated with depression and distress.[15] FWC programs (and reform of insurer practices) can help support clients experiencing mental health concerns.

Another cohort who can be assisted by FWC disaster programs is people who cannot afford insurance. Across Australia, 1.24 million households (or 12% of all

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[11] Booth & Tranter (2017).
[12] Maury & Lasater (2020).
[13] CHOICE (2023) and Malbon & Oppewal (2018).
[14] CHOICE (2023).
[15] McKenzie et al. (2022).

households) experience home affordability insurance stress.[16] Insurance uptake is very low among NILs clients, and affordability is a major driver.[17] The uninsured also includes the 'uninsurable' – households living in areas where insurance is being withdrawn or is completely unaffordable, e.g. by 2030 the Climate Council expects 6.5% of Queensland properties will be uninsurable.[18] This is an enormous challenge for Australia over the coming decades. While not sufficient in and of itself, FWC programs can help people withstand some impacts of insurance unaffordability, by connecting disaster survivors with government payments for people who have suffered significant loss (e.g. home damage), free household goods replacement, NILs loans, and other financial support.

Sector capability and funding to deliver trauma-informed services

Good Shepherd's experience strongly indicates that trauma-informed financial support must be fundamental to the delivery of FWC programs and must be appropriately funded. Practitioners in Good Shepherd's disaster recovery programs and generalist FWC programs inevitably provide case management support to disaster survivors and respond to experiences of trauma, reflecting the mental health impacts of disasters. For example, just over a quarter of people affected by the Black Saturday bushfires reported symptoms consistent with PTSD, depression or psychological distress 3-4 years after the fires, with women more likely to experience PTSD than men.

Women's experiences of post-disaster violence were linked with poorer mental health.[19] Good Shepherd practitioners have also found that some clients come to disasters with pre-existing anxiety as a result of severe financial stress. The repeated disasters faced by many communities will see an increase in cumulative and compounding stress. This of course will impact on the cognitive bandwidth and capacity of disaster victims to navigate complex systems and make informed decisions.

FWC programs should support flexibility in disaster-related program design, to allow a broader, trauma-informed focus on general wellbeing and the building of social and community connections. Good Shepherd's program experience shows that this can act as a springboard to conversations about financial wellbeing. For example, a 'Women's Circles' approach was successfully used in Good

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[16] Paddam et al. (2023).
[17] Maury et al. (2021).
[18] Hutley et al. (2022)
[19] Gibbs et al. (2021).

Shepherd's post-bushfire financial capability program, creating a space for social connection, and allowing conversations about money to emerge more organically.

FWC programs need to provide sufficient funding to support trauma-informed services, including funding for sector capability-building, and realistic program timeframes that allow practitioners enough time to understand and meet the needs of traumatised or distressed clients (and potentially adjust services in response); connect with other support services; and respond to the unpredictable and non-linear nature of trauma, e.g. by accommodating clients several months or years after a disaster, and accommodating reengagement. FWC practitioners also need to be supported to manage their own experiences of disaster-related distress and trauma, and vicarious trauma.

Program and funding parameters that recognise the new disaster paradigm

To be successful, future FWC programs in disasters will need to adjust to the new disaster paradigm brought about by the climate crisis, and design and fund FWC programs accordingly. Based on Good Shepherd's experience, this paradigm has four features:

- increasing frequency of disasters: this requires sustained FWC programs that recognise the rolling nature of disasters, and dedicated funding for disaster programs that does not require service providers to draw upon general FWC program funding
- the compounding nature of disasters: funding cannot be specific to a particular disaster, when multiple disasters are coinciding or occurring in quick succession in a particular region or around Australia. Holistic funding is vital to meet the needs of clients affected by multiple disasters, and maintain sector expertise (e.g. expertise can be lost as a bushfire program winds down and a new flood program starts up)
- the cyclical nature of disasters: FWC programs cannot assume linear stages of financial preparedness, response and recovery in disasters, but instead must support people through a merged recovery and preparedness phase
- the timeframe needed for recovery (and intersecting preparedness): short-term FWC programs will not work, especially when dealing with disasters of unprecedented intensity and scale. A five-to-ten-year recovery timeframe is more realistic to aid recovery. Among Black Saturday survivors, 23% still

experienced financial stress 5 years after the fires, but had reduced to 17% at the 10-year mark.[20]

Place-based disaster programs

Future FWC programs in disasters should feature place-based services. Good Shepherd's experience with disaster recovery programs strongly indicates a need for locally based services and practitioners who have an intimate knowledge of the disaster-affected communities they are working within, which supports trust-building and understanding of community needs. Embedding programs in a local services ecosystem strengthened networks with local organisations, as well as communities, to further the program objectives.

Recommendation 1: Ensure the integration of a financial wellbeing strategy, prioritizing the needs of women, including victim-survivors, and their children in disaster-affected communities, within the National Disaster Mental Health and Wellbeing Framework.

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Recommendation 3: Design FWC programs so that they provide timely access and support service users to navigate different disaster payments available across State, federal and local government levels.

Recommendation 4: Target financial wellbeing and capability services to the needs of specific community cohorts through adopting a more extensive place-based approach.

[20] Gibbs et al. (2021).

Question 2. What other Australian Government policies, frameworks, reforms, or systems issues are changing the way FWC services are delivered or impacting FWC clients?

The drivers of financial wellbeing across the life cycle, and across the nation, are complex and interdependent. This Review is an opportunity to bring coherence and increase the impact of intervention by embracing systemic initiatives.

The five wellbeing themes outlined in the Australian Government's Measuring What Matters[21] establish the first national wellbeing framework. This framework allows the financial wellbeing ecosystem to align, monitor, and increase its contribution towards a healthy, secure, sustainable, cohesive, and prosperous Australia.

Measuring What Matters creates a timely opportunity for strategic alignment and collaboration in innovative ways and transform how FWC outcomes are achieved. Good Shepherd is ready for this challenge. Good Shepherd's 2023-2027 Strategy will shape our service delivery approaches across the prevention to recovery service continuum, focusing on five impact areas including audacious and bold system change, and activating and enabling ecosystems and a broader ecology of support.

This Review must integrate with Australian Government work across portfolios and between states, that target the financial wellbeing and capabilities ecosystem. To enable providers to deliver services that are holistic and integrated, rather than in a siloed approach, the Review must foster greater interdependencies by working with and linking strongly to other relevant policies, frameworks and strategies, in particular: the National Plan to End Violence against Women and Children 2022 – 2032,[22] the Measuring What Matters Framework, the Early Years Strategy,[23] and the National Housing and Homelessness Plan 2024 – 2034.[24] Further, we recognise the need to establish a FWC body and national strategy, to incorporate digital financial literacy into the FWC programs, and to protect clients from technology facilitated abuse.

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[21] https://treasury.gov.au/policy-topics/measuring-what-matters.
[22] Department of Social Services (2022).
[23] https://www.dss.gov.au/families-and-children-programs-services/early-years-strategy.
[24] https://www.dss.gov.au/housing-support-programs-services-housing/developing-the-national-housing-and-homelessness-plan.

Establish a national FWC body and national FWC strategy

Given the interconnectedness and the importance of the FWC services working effectively, we believe there is an urgent need for a body that can have oversight of the FWC service ecosystem. Such a body would bring together the many and varied policy strands, have a deep understanding of the effects of macro-economic conditions, and the extent of services that are working towards developing the financial wellbeing of Australians.

Good Shepherd recommends establishing a dedicated body that focuses on financial wellbeing and capabilities. Such a body could harness the enormous amount of research and practice that already exists, thus reducing the duplication of programs and services while identifying genuine gaps and opportunities for innovation. A national FWC body could act as a focus for global knowledge sharing and engagement. Over the last 20 years, Australia has been well-known internationally for its work in financial wellbeing and capabilities, and this was largely due to the existence of a National Financial Literacy Board, a National Financial Wellbeing network, government investment in a national strategy and also a growing field of academic research.

Since 2018, our understanding of financial wellbeing and capabilities has significantly increased. We are more cognisant of its drivers, its characteristics, how it changes over the life course and what interventions work best. We also have a better understanding of related concepts relevant to the Department's FWC work such as building financial resilience, and what capabilities are most needed in our changing environment.

Systemic impact through regional coordination and activation

The systemic issues impacting FWC programs present opportunities for innovation and improved outcomes. Effectively addressing these systemic challenges requires frameworks and models for FWC programs that are responsive to local needs and engage and enable the broader FWC regional ecosystem. We recommend promoting and expanding an enhanced Financial Inclusion Action Plan (FIAP) program, beyond its current footprint in the Geelong Region and Northern Adelaide.

The expansion of FIAP will build upon the investment made by DSS in 2014. At that time, Good Shepherd, in collaboration with Ernst & Young and the Centre for Social Impact, was commissioned to develop the FIAP Program. This initiative aims to enable organisations across all sectors to actively promote financial inclusion and resilience in Australia.

Since its launch in 2016, Good Shepherd has grown the FIAP program into a national and place-based network of over 50 organisations, who have each made public commitments to take strategic and practical actions that will improve the financial wellbeing of their customers, employees, business, and community partners. The FIAP provides a platform to engage business and government leaders in this important conversation and can assist the Australian Government by providing a channel for expertise and alignment to FWC strategy.

Most importantly, it provides a positive platform and supportive network through which these activities can emerge and become embedded commitments within the strategic plans of cross-sector entities. An enhanced FIAP model will take learnings from its national members and the Geelong Region and Northern Adelaide FIAPs and augment the Measuring What Matters framework as the emerging framework for FWC accountability and action.

By advancing the place-based FIAP model to more areas beyond the Geelong Region and Northern Adelaide, we can achieve deep, lasting change for more Australians.

Case study: Systemic impact with a Financial Inclusion Action Plan (FIAP)[25]

FIAP members represent a broad range of sectors from financial services to utilities, social services, government, education, and legal services amongst others. Together, FIAP members employ over 250,000 people and service over 80 per cent of the Australian population. The most recent evaluation report identified that, collectively, FIAP members contributed to financial inclusion in the following key areas:

- $62m invested in programs to support 121,000 people in times of financial need
- 1.4m+ individuals had access to affordable financial products and services
- 10,000 staff were trained to support financially vulnerable households
- 8,000+ customers referred to other services
- 500,000+ people participated in 2,000+ financial capability building workshops
- $19m+ in savings by 41,000 clients through FIAP programs
- 150 employees trained on family and domestic violence issues.

Good Shepherd's 2023-2027 Strategy will seek to expand place-based FIAPs to activate and enable local ecosystems and strengthen a broader ecology of support.

[25] Good Shepherd Microfinance (2019).

Incorporate Digital Financial Literacy into FWC programs

While the consultation paper acknowledges the role of new technologies across government, industry, and community services, there are other implications for FWC that arise from our changing technological landscape.[26]

Digital Financial Literacy is now considered a critical financial capability.[27] The need for and inclusion of this skill set is relatively recent. For example, in 2006 68% of participants in FWC programs such as Saver Plus banked their savings in person each week.[28] In 2006, 67% of low-income households had no access to a home computer or the internet.[29] This is no longer the case. The rapid rise of smartphones and essential nature of having access to the internet, changes in technology, software and systems require constant monitoring and needs to be reflected in subsequent FWC resourcing.

With nearly all our essential services across government and industry being digitalised, providing knowledge and skills to people who need to access these services must also be considered essential. Many of our clients find it difficult to navigate MyGov, Centrelink and other services that are critical to their wellbeing. Australians who are older, have a disability, live in regional or rural areas, and/or are from CALD communities are over-represented in the proportion of Australians who are digitally excluded.[30] Our clients are heavily represented in these cohorts.

For example, Good Shepherd facilitated the provision of the Victorian Government's Power Saving Bonus in partnership with Neighbourhood Houses Victoria through the Power Saving Bonus Community Outreach Program. In 2023 it delivered face-to-face support at 283 Neighbourhood Houses and a centralised telephone service support to help clients submit their Power Saving Bonus applications as well as more general energy affordability support. Most of our clients reached through this program were elderly, those experiencing difficulties accessing and using the internet, and were generally unable to submit applications on their own due to digital exclusion.[31]

Evaluations of the Power Saving Bonus outreach program found that access to the program reduced participants' financial stress. Of the 62,135 Power Saving Bonus applications across all phases of the program, 57,352 applications were

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[26] Department of Social Services (2023, p. 17).
[27] OECD (2020).
[28] Russell et al. (2006).
[29] Australian Bureau of Statistics (2007).
[30] Thomas et al. (2023).
[31] Mitchell (2023).

approved, providing Victorians with direct financial support of $14,338,000.[32] We know that many people would have gone without this financial support because of digital exclusion and other issues accessing the application.

Case study: Power Saving Bonus

Ben*, an elderly man in his 70s, attended Rye Community House because he heard he could receive support to submit his Power Saving Bonus application. Ben had never been to a Neighbourhood House before but was having difficulties completing his application on his own. He spoke to a staff member about his financial situation and mentioned that he was experiencing difficulties making his mortgage repayments and paying his food and utilities bills. Ben was also providing full time care to his elderly wife. The staff member assisted him with his PSB application and also offered some food assistance. Ben was reluctant to accept this assistance at first, but the support of staff led him to accept this help. The staff member spoke to him about cost savings with his energy bills and helped him to get a better deal with his electricity supplier. Ben expressed a lot of relief to receive the $250 bonus, saying that the support he received to switch deals and the extra money “saved my life”.
*Not his real name.

We acknowledge that there has been an investment by the government in increasing community awareness of scams. Good Shepherd recommends strengthening links between financial wellbeing and capability and The National Anti-Scam Centre-Scamwatch and other government and industry initiatives.[33] Due to the constant and rapid changing nature of scams, consumers need ongoing education to avoid scams, to safely use digital banking, and to understand how retailers use their digital footprint in their marketing and messaging. These tactics can lead to over-spending, reliance upon Buy Now Pay Later (BNPL) products and result in over-indebtedness.

Access to Digital Financial Literacy as a key component to developing financial capabilities needs to be made available to those who can least afford to lose money from scams and unscrupulous retailer practice.[34] Evidence shows that people with a cognitive disability and individuals diagnosed on the autism spectrum are particularly susceptible to scams.[35]

[32] Good Shepherd Australia and New Zealand (2023b).
[33] https://www.cyber.gov.au/glossary/national-anti-scam-centre-scamwatch.
[34] Freeman (2018).
[35] Russell et al. (2017).

Protection from technology-facilitated abuse

Policies that relate to consumer protection also need to be examined with the lens of how perpetrators of family violence use digital technology to inflict abuse, coercive control and identity theft on their partners or former partners.[36]

The consultation paper rightly recognises the significance of financial abuse and how this impacts women's financial wellbeing. However, the data available does not show the severity, type or duration of women's experiences of financial abuse.[37]

In recent years, we have seen the changing nature of financial and other abuse experienced by our women clients. Buy Now Pay Later products have become a vehicle for financial abuse of women. The lack of regulation and family violence protections enables BNPL products to be used by perpetrators to abuse victim-survivors. Often perpetrators create multiple BNPL accounts in a victim-survivor's name and accumulate debt. In 2022, Good Shepherd found that 1 in 4 Financial Counselling and Capability practitioners saw coercive debt in at least half of their clients with BNPL debts, and 69% of practitioners were seeing it in at least one client who was using BNPL.[38]

The nexus of economic and technology-facilitated abuse is evident in BNPL platforms, as they are designed to be accessed via technology, largely on mobile phone apps. Perpetrators can easily open accounts using basic personal information on a victim-survivor's phone.[39] Identity theft complaints are increasing across users of BNPL products.[40] Further, women who have experienced family violence and economic abuse are at risk of financial hardship and have been using BNPL when leaving or planning to leave abusive relationships.[41] With many victim survivors using BNPL, service providers need to be aware of the issue, and know how to respond.

Financial services and products must ensure they are actively protecting women from technology-facilitated abuse through their policies and through government regulation. In collaboration with the Department of the Prime Minister and Cabinet and others, Good Shepherd released *Supporting Women's Financial Safety: A Guide to Prevention and Action on Financial Abuse within the Financial Service*

[36] Flynn et al. (2022) and Good Shepherd Australia New Zealand (2022a).
[37] Australian Bureau of Statistics (2023).
[38] Good Shepherd Australia New Zealand (2022b).
[39] Good Shepherd Australia New Zealand (2022a).
[40] Kaye (2020).
[41] Good Shepherd Australia and New Zealand (2022b).

Sector.[6] Guides such as this can be used for service design and delivery to ensure financial services cannot be used by perpetrators to facilitate abuse, including technology-facilitated abuse. This is also aligned with the actions to achieve the objectives of the National Plan to End Violence Against Women and Children, where technology-facilitated is explicitly mentioned.[42]

Recommendation 5: Re-establish a national financial wellbeing body that can take charge of and ensure the many elements of the FWC ecosystem are working together to enable all Australians to experience financial wellbeing.

Recommendation 6: Refresh the National Financial Wellbeing Strategy which reflects changes in our ecosystem, the impacts of disasters and rapid changes in technology.

Recommendation 7: Promote and expand an enhanced Financial Inclusion Action Plan (FIAP) regional model – beyond their current footprint in Geelong and Northern Adelaide – to drive place-based systemic change that activates, enables and drives a stronger, broader ecology of support.

Recommendation 8: Support people who need digital access, knowledge and capability. Incorporate technology-facilitated abuse into training for FWC workers.

Recommendation 9: Work with other relevant government departments to reduce the ability of perpetrators to use BNPL and other technology-based platforms to inflict financial abuse on women.

Recommendation 10: Enable easier and dignified access points to place-based services and community locations with practical help for service users such as access to printing, photocopying, etc.

[42] Department of Social Services (2022).

Focus area 2: Changing client needs

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

Changing characteristics of client cohorts

The consultation paper notes the changing nature of clients accessing FWC services and programs. Over the last two years Good Shepherd has also noticed that there are more clients seeking help who are employed, and until recently have not experienced financial hardship. While entrenched poverty will be an ongoing experience of many clients, there has emerged a newly vulnerable cohort that are first-time service users. Women remain over-represented in the newly vulnerable cohort, especially single mothers and older women who are unable to make ends meet due to the reduction in Jobseeker payments post COVID-19. Along with women, the newly vulnerable cohort also includes young adults, renters, small business owners, those earning irregular incomes, those who have lost employment, and those who have newly arrived.[43]

Good Shepherd research on the newly vulnerable cohort found that those who experienced financial hardship for the first time were reluctant to contact welfare or community organisations.[44] Only 1 in 12 interviewees had previously sought similar assistance. We found that this growing cohort were unaware of what services were available, how to access support, and commonly felt ashamed or embarrassed to be needing financial help. Some believed that services such as Good Shepherd were 'not for them', that other people were in greater need or didn't see themselves as vulnerable. Many had tried to cope for as long as possible and sought help from family or friends before seeking help from services.

Good Shepherd practitioners have observed a significant shift in the demographics of FWC program clients, with an increasing number belonging to the middle class, earning mid- to higher-level incomes. Some may be characterised as being 'asset-rich and cash poor', dealing with financial difficulties despite their earnings.

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[43] Good Shepherd Australia New Zealand (2021b).
[44] Good Shepherd Australia New Zealand (2021b).

This change in FWC client profiles has several implications. Firstly, individuals in need of FWC services are being excluded due to outdated eligibility criteria, such as income thresholds or asset ownership. Secondly, practitioners are facing a rising demand for extended consultation times as clients present with more complex financial challenges. Anecdotal evidence from our practitioners suggests that while a financial counsellor or capability worker may have supported a client over four sessions in the past, this number has now increased to eight sessions. Thirdly, the escalating complexity of client cases contributes to prolonged waiting times for financial wellbeing and capability services.

Improving financial resilience – the importance of financial coaching and a savings buffer

While most newly vulnerable cohorts have managed to cope financially week by week there is an underlying lack of financial resilience. During COVID–19 savings rates increased but since the rising cost of housing, living expenses, and insecure employment have led to the depletion of savings for many, leaving them in precarious living situations.

The most effective pathway to financial resilience is having a savings buffer to cope with unexpected and expected financial commitments. Without savings, people who experience a large or unexpected expenses are left with little choice but to use BNPL products or increase credit card debts. If these options are not available to them, they are likely to access payday loans. All these options not only detract from financial wellbeing, but they lead to spiralling debts and increases the likelihood of long-term financial hardship.

Good Shepherd offers NILs as an alternative for eligible low-income people to be able to purchase essential household or education items. While a no interest loan is also a debt, it is a better option than accessing high interest loans or consumer lease products.

If the FWC funding for NILs allowed for holistic and longer-term support for NILs recipients, NILs workers could spend more time helping recipients develop a savings plan post-loan repayment. Currently approximately 50% of NILs recipients are repeat customers indicating an inability to create financial resilience. Provision of NILs should be embedded within the context of continuous financial coaching, using the post-loan period as an opportunity to build a savings buffer.

New stressors require new financial skills

The financial stress induced from being unable to cope with regular or unexpected expenses has led to a rise in mental and physical health issues for newly vulnerable clients. This of course further impacts their employment and or education endeavours. The growth in irregular and short-term contract employment adds another factor to the increasing financial precarity of average working Australians. We observe that the capabilities and financial management strategies that average working people have traditionally relied upon are no longer sufficient to protect them from financially precarious situations.

FWC programs need to have a greater focus on equipping people with new skills that reflect the changing financial and employment conditions. In tandem with enhancing individual capabilities, it is essential for the policy layer of the ecosystem to incorporate appropriate protections, preventing the unsafe use of BNPL and other debt-inducing products.

Need for specialist counsellors

The consultation paper notes that specialist counsellors could respond to clients presenting with complex needs. The siloed nature of the current funding models makes it difficult for practitioners to support clients with complex and multiple needs such as family violence (including financial abuse), financial hardship, insecure housing, and mental health problems. Whilst referrals are an important part of service delivery, it often means that clients must repeat their stories numerous times. Having Specialist Counsellors, such as social workers trained in financial wellbeing and capability would act as a 'one stop service' and could reduce the burden on clients and reduce the time it takes to receiving support. Good Shepherd's Queensland Financial Resilience Program employs financial coaches, financial counsellors and a social worker to provide holistic services.

Recommendation 11: Government should allocate funding for well-designed research aimed at building sector-wide understanding of emerging client needs, including those who are 'newly vulnerable'.

Recommendation 12: Modify funding criteria to align with the evolving client profile and the increased complexity of client financial issues.

Recommendation 13: FWC program funding should allow for greater in-depth and wrap-around support for clients with complex needs and also for newly vulnerable people to build resilience and prevent the need for cyclical credit.

Recommendation 14: Employ specialist counsellors such as social workers, to work closely with FWC workers, preferably within co-located or place-based models.

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

As the consultation paper notes, FWC programs have typically tended to provide support across a continuum of financial wellbeing needs, with services expanding from crisis support to encompass more early intervention and prevention.

Research conducted by Good Shepherd has identified cohorts of people who, for the first time, are at risk of spiralling into debt and financial hardship. They often do not know where to seek help and typically wait too long before seeking support. It is for these cohorts that early intervention would be most effective.

Early intervention efforts should therefore:

- Target people experiencing significant life events
- Target people identified as at risk

Good Shepherd's Financial Inclusion and Action Plan program, discussed below in our response to Question 7, is an example of an early intervention initiative.

Target people experiencing significant life events

Our practitioners find that by the time clients are presenting at Good Shepherd, early intervention opportunities have passed. Research tells us that critical life events provide 'teachable moments'.[45] Having a baby, gaining employment, losing employment, and relationship breakdown are times when people's attention is heightened towards receiving guidance and support.

Target cohorts identified as at risk

We have identified the cohorts that are currently at risk of financial stress: women, young people, small business owners and those who are unemployed or in insecure employment, the elderly, and people from culturally and linguistically diverse communities. Good Shepherd suggests funding interventions that targets these cohorts.

[45] Kaiser & Menkhoff (2017).

Providing resources that encouraged partnering with, for example, TAFEs and small business associations; raising awareness of FWC programs through medical practitioners, mothers' groups, shopping centres, and Centrelink would be in line with best practice.

Recommendation 15: FWC programs and policies should reflect the changing macro and financial landscape to facilitate building financial resilience and protect already vulnerable people from over-indebtedness.

Recommendation 16: Earmark grants dedicated for early intervention programs including awareness raising to cohorts at risk of financial hardship, particularly the elderly and people from culturally and linguistically diverse communities.

Focus area 3: Best practice service delivery

Question 5. Have you experienced a high-quality financial wellbeing and capability service and what did this look like?

Through our research and evaluation of Good Shepherd programs we know that when clients experience high quality FWC services they typically experience the following:

- their immediate material or crisis needs are met
- referrals are facilitated and seamless ('warm referrals')
- clients' needs are comprehensively identified
- interventions are scaffolded depending on financial complexity, individual financial capacity and psycho-social needs
- practitioners are supportive and advocate for the client as needed
- clients' feels empowered, in control and have a sense that they can better manage in the future
- clients have the option of being able to access ongoing support if needed

In essence the most effective programs are holistic, give agency, build resilience, and offer long-term support if required.

Good Shepherd provides a case co-ordination program for our corporate partners whose customers or staff are experiencing financial hardship. This model, somewhat akin to mental health-based Employee Assistance Programs but focused on finances, serves as an early intervention approach, as discussed in Focus Area 2. It enables employees or customers to access FWC services and programs they might not have otherwise considered. In December 2023, Good Shepherd completed the evaluation of the service delivered for one corporate partner.[46]

The following is a de-identified, detailed client example illustrating how a high-quality FWC service operates, meeting basic material needs, and cascading support and interventions as needed. It also showcases the outcomes for clients that can be achieved through such a service.

Case study: Good Shepherd Case-coordination program

Jessica had separated from her partner, had her hours at her job reduced, and was left experiencing financial difficulties. She described feeling overwhelmed with her bills and unsure where to go for support.

> *"I was in a state where I was very anxious and probably had PTSD and just everything just came tumbling down, all bills from every direction and I just didn't know what to do and I hid it from my family, so wasn't upfront, didn't check my mailbox for ages, so just didn't know where to go, what to concentrate on."*

Jessica had several bills that she found difficult to understand. With the support of her sister, Jessica phoned [Company A] for support with her bills. [Company A] was able to explain all her bills and put these on hold.

> *"We did ring a number of times to try and understand the bills because they just kept coming and I just had a whole big pile and I was like, I don't know what that's for. I don't understand why that is the same invoice number, but now it's got this amount and so on and so forth."*

Jessica spoke to a staff member who made her aware of [Company A Hardship Team]. Jessica was transferred to [Company A Hardship Team] where they listened to her situation and waived some of her bills and provided her with a credit to her account. The [Company A Hardship Team] also provided Jessica with information about Good Shepherd's hardship support service and transferred her via phone.

Jessica had one session with Good Shepherd's hardship team, which she found extremely helpful. She described how the support worker provided useful information and made sure she felt comfortable and safe.

> *"They were very considerate, very helpful, weren't condescending at all, very understanding and repeated everything. Very simple terms. Yeah, no, I couldn't say a wrong thing about the service at all or any other services that were connected to Good Shepherd."*

[46] The final evaluation report is available upon request.

Jessica's case coordinator referred her to a financial counsellor at Good Shepherd. Jessica was very satisfied with the support she received from her financial counsellor. The counsellor explained her options, gave her a breakdown of her expenses and what she could afford, and offered to speak to her bank on her behalf.

> *"Once I got over the anxiety of breaking down my finances and looking at it more clearly, she was very helpful. I would say it was hard on my end, not hers, to understand everything and what we were trying to achieve. But once I got over that and I sent her all the information that I needed to, and she had a look at where my financial position was against everything else that was owing. No, she was very helpful. She's like, 'do you want me to take the reins on this? I can be an advocate for you. I can talk to the banks. I know contacts in there in the loan department. I've done this a million times for people' … but it was very easy and I was very lucky for her to have connections with the type of bank that I was with."*

Good Shepherd's ability to advocate for her was an important part of the service she received. It allowed her to take a step back from her situation. Jessica felt that since connecting with the program, she now feels empowered to seek out further options to help her financially.

> *"It gave me a bit of space so I can move on with my life. And yeah, I've learned to ask more questions, what kind of options that I do have, the rights that I have. So it's given me a lot of information and confidence to go and seek information rather than being fearful that I've got something due, and I need to pay for it. And there are nice people out there because you think, oh, something is due and it wasn't a huge amount, but with everything else going on at the time, it just adds up. And so they make you feel very comfortable, Good Shepherd and [Company A Hardship Program]."*

Question 6. How can the sector and the Department better support organisations to provide wraparound services, and effective referral pathways for clients, particularly those with complex or multiple needs?

Co-design and lived experience are needed to identify wraparound services

Wraparound services and effective referral pathways are key to maximising the benefits of FWC programs. However, they can only be identified and established with the genuine involvement of intended services users through meaningful co-design processes. The Department rightly recognises the importance of co-design of grant programs with communities to inform how the Department engages in shared decision-making.[47] In Good Shepherd's experience, co-design is also a key process that facilitates *identifying* and *developing* wraparound services for distinct client cohorts, particularly those with complex and multiple needs. In addition to building whole-of-government interdependencies for greater collaborative effort, the Department can lead the sector in ensuring meaningful co-design processes are mainstreamed, rather than an afterthought.

Good Shepherd witnessed the value of co-design in establishing effective wraparound services and referral pathways in its Financial Independence Hub (FIH) program. Working closely with CommBank to leverage synergies and create a collective impact approach, Good Shepherd developed the innovative FIH —a program designed to support victim-survivors of family and domestic violence in managing their finances and moving forward.

The first phase, from July to December 2019, was dedicated to co-design. This process involved multiple workshops with a range of lived-experience advocates across New South Wales, Victoria, South Australia, and Western Australia. The co-design process determined both the need for referral pathways as well as identifying which wraparound services were most needed, for example, financial counsellors, financial coaching, legal services, and where necessary, no interest loans. Further, during the co-design workshops, lived experience advocates were able to express what financial independence meant to them. This then led to a discussion that identified the financial wellbeing needs that would enable them to progress to financial independence. Without this kind of meaningful co-design process with lived experience advocates, FWC programs run the risk of directing funding towards wraparound services and referral pathways that are prioritised by service providers rather than service users.

Case study: Financial Independence Hub

The Financial Independence Hub is a national, hybrid (in person or online) program that supports victim survivors seeking to rebuild their financial wellbeing after family violence and financial abuse. Most women spend up to eight months in the program, but there is no time limit. The program is delivered at a pace that suits women's circumstances and individual recovery pathways. In the FY 2022/23, 1,598 women were supported in rebuilding their financial wellbeing following experiences of family violence.[48]

The program is highly successful, with 96% of participants experiencing improved financial outcomes.[49] A high-quality planning and coaching process assists women to set meaningful, practical goals that make a real difference to their lives.

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[47] Department of Social Services (2023, p. 53).
[48] Kutin & Hedjes (2023).
[49] Kutin & Hedjes (2023).

Recommendation 17: Provide targeted funding to service providers to enable co-design processes, lived experience voices and cultural perspectives to be integrated into developing wraparound services and referral pathways.

Recommendation 18: Resource and invest in innovative FWC programs that support women to recover from financial harm, build confidence, and realise long-term aspirations.

Question 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?

Place-Based Financial Inclusion Action Plan: supporting organisations in improving financial wellbeing

Financial Inclusion Action Plan program (FIAP) members have publicly committed to take strategic and practical actions to improve the financial wellbeing of their customers, employees, business, and community partners. Members include major banks, energy companies, insurers, and superannuation funds, who together service well over 80% of the Australian population.[50]

The need for an innovative solution to improve the financial wellbeing and inclusion of local 'place-based' communities became apparent. In response, Northern Adelaide and the Geelong Region organisations collaboratively developed and piloted 'place-based' FIAPs. This new FIAP model allowed smaller organisations with fewer resources to take part in a collective grass-roots effort to improve financial wellbeing, supported by philanthropic and government funding. Following the successful completion of Northern Adelaide's 1-year 'Foundation' FIAP, the Geelong Region embarked on a 3-year 'Build' FIAP in March 2023.

In consideration of the aims of FWC programs, and in an effort to leverage corporates and the business community to create a collective impact approach,

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[50] https://fiap.org.au/.

FIAP serves as an early intervention initiative, is national, includes place-based delivery, and leverages partnerships and networks.

The program works towards improving community financial wellbeing by targeting place-based interventions beyond individuals to the community and organisation level so that these key stakeholders can improve their response to their customers and employees.[51]

True to its place-based principles, the FIAP program partners with member organisations to leverage their understanding of local challenges, improve their ability to identify risks and triggers of financial stress, and more readily respond to address these. This also strengthens relationships between community members and businesses, which is especially valuable at times of crisis, for example, during COVID 19 and the increasing number of disasters.

To bolster FIAP's place-based impact, $1.5 million in operational funding over three years is required. These funds will complement FIAP member funding and help support FIAP which generates more than $423 million[52] in value for Australians each year. Operational funding would allow the national FIAP network to evaluate, promote and expand the reach of innovative financial wellbeing measures to more Australians. The collective impact of the national FIAP network will continue to expand as it welcomes more members at the coalface of financial hardship, including debt collection firms. It will also engage with emerging business models, such as 'earned wage access' providers, that directly influence Australians' financial wellbeing. Additional funding and co-investment would also amplify the collective impact by enabling us to establish further place-based FIAPs. These would support communities that have been particularly affected by disasters or changes in industry and other macro conditions.

[51] Good Shepherd Australia New Zealand (2024).
[52] Good Shepherd Microfinance (2019, p. 10).

Innovation insights: Developing the Geelong place-based Financial Inclusion Action Plan (FIAP)

In 2022/2023, 31 organisations that comprise place-based FIAPs in the Geelong Region and Northern Adelaide collaborated in their respective locations to address issues of financial wellbeing in their local communities. The FIAP program is evidence-based and backed by a robust framework of quality assurance, ongoing support, and a vibrant Community of Practice to ensure members achieve high-impact, practical outcomes that are shared across the FIAP network. Organisations commit to actions that address one of four key impact areas: financial capability, economic security, understanding financial vulnerability, and improving products and services for better financial inclusion.

A Geelong Region 'Foundation' FIAP action was to develop an innovative program to enable access to personal transport for employment. Members worked together and recognised a research opportunity in addition to a car leasing program. Initiated by the Give Where You Live Foundation, the action evolved into a pilot program between Monash University and the Transport Accident Commission. It provided participants with a new car, equipped with safe driving software, to lease over several months and is contributing to research on the barriers to employment affected by driving behaviour. The Geelong Region FIAP created the platform for diverse members with a shared goal to collaborate in effecting practical action and place-based innovation.

Recommendation 19: Provide ongoing funding for the place-based Financial Inclusion Action Plan program, expanding the place-based initiatives in communities that need most help in building financial wellbeing.

Recommendation 20: Expand place-based Financial Inclusion Action Plans that would focus on the financial wellbeing of women and families in specific communities impacted by disaster or changing macro-conditions.

Question 8. What approaches could help FWC service gaps, including in food relief and in regional and remote areas?

In Good Shepherd's practice experience, place-based approaches are the main service gap in regional and remote areas. We address this model in our response to Focus Area 5.

Focus area 4: Workforce capacity and capability

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

As identified within the consultation paper, building and strengthening the capacity and capability of the FWC workforce is a critical component to providing quality and holistic services to clients.

Trauma-informed staff

Incorporating trauma-informed principles into FWC programs, services and staff must be a fundamental component to the future FWC model. A significant proportion of Good Shepherd clients are victim-survivors of family and domestic violence and/or victims of climate disasters. This approach involves not only understanding the immediate financial needs of individuals but also acknowledging and addressing the underlying trauma that may hinder their ability to achieve financial stability.

Trauma-informed FWC programs and services should be integrated into the core framework to create a safe and supportive environment for clients. By incorporating trauma-informed principles, FWC workers can develop trust, reduce re-traumatisation, and empower individuals to take control of their financial independence.

Develop financial capability training for all frontline staff

Financial stress is a common issue across clients regardless of whether they are entrenched in poverty or the newly vulnerable. The compounding nature of financial stress can exacerbate various challenges presented by clients. Therefore, increasing individuals' literacy and financial management skills is likely to play a significant role in mitigating a range of interconnected issues.

We acknowledge the investment that government and industry have made into programs such as MoneyMinded which has had an extensive reach across

Australia over the last 20 years through the train the trainer model.[53] Evaluations have shown that although the training is intended to benefit clients of community organisations, there is repeated evidence demonstrating that staff also feel more confident in acquiring financial knowledge and skills after completing the training.[54] The increase in financial capability of staff remains with them regardless of where they work and can extend to their family and social connections.

Research in the USA has shown that by upskilling all frontline workers and service practitioners to equip them with financial knowledge and skills, is an effective and efficient means of increasing financial capabilities across client and low-middle income cohorts.[55]

Washington University in St. Louis has created the Financial Capability and Asset Building curricula for use in the school of social work.[56] The curriculum covers "working with individuals, families, groups, organisations, communities, and policy to increase financial capability".[57]

Similarly, the University of Maryland's School of Social Work has a Financial Social Work Initiative, which provide social workers with the training and skills to 'advance the economic stability and financial wellness of individuals, families and communities, with particular attention to vulnerable populations'.[58] They have also developed the Financial Stability Pathway Project, which has been described as a one-day course for social workers on financial social work with follow-up sessions.[59] The training topics include: The fringe economy, accessing financial resources, credit, budgeting, and financial goal setting. This one-day training is supplemented with monthly 'booster' sessions that include training on additional topics, peer network meetings, and webinars. The researchers report that the booster sessions were important to increase the confidence of social workers to utilise their learning from the training.

Including financial education and capability training in the social work curriculum would help embed these skills within the social worker practice. It would also be

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[53] https://www.anz.com.au/about-us/esg/financial-wellbeing/moneyminded/.
[54] Russell et al. (2020).
[55] Callahan et al. (2022).
[56] https://csd.wustl.edu/areas-of-work/financial-inclusion/.
[57] https://www.cswe.org/getattachment/5b9ce9ed-b95f-4daf-a499-32a005a93e72/Financial-Capability-and-Ass.
[58] https://www.ssw.umaryland.edu/fsw/?&.
[59] See https://www.ssw.umaryland.edu/fsw/research/articles/financial-stability-pathway/ and https://www.ssw.umaryland.edu/media/ssw/fsw/FSP-Provider-Summary-Executive-Summary.pdf?&.

beneficial to provide microcredential certificate qualifications or short courses embedded in other health and community service qualifications.

Domestic and family violence training for financial capability workers

It would also be beneficial if financial capability workers were trained in identifying signs of family violence including financial abuse. Being able to identify 'red flags' is critical to being able to provide holistic support to clients.

We note that financial institutions have implemented training for their staff in family violence and financial abuse to enable them to identify the signs and provide the right support and referral pathways. Good Shepherd recommends that consistent domestic and family violence training be available across the whole of the community services sector.

Recommendation 21: Invest in sector capability training to ensure all FWC staff have suitable training in trauma and disaster counselling/support. This includes funding regular and effective supervision for FWC workers for debriefing to mitigate vicarious trauma.

Recommendation 22: Embed financial capability training within Social Work and Community Services courses.

Question 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?

As Good Shepherd is not an Aboriginal community-controlled, Indigenous-led or multicultural organisation, or disability provider, we defer to the responses of those organisations who serve these specialist client cohorts.

Focus area 5: Place-based approaches

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

Place-based service delivery cannot be realised without place-based funding models. Place-based funding models need to take into consideration local levels of need, and existing community resources and capacity. While place-based funding approaches offer distinct advantages, they also present challenges.

Advantages of adopting a place-based funding approach

There are significant advantages to adopting a place-based approach to funding FWC services. These advantages include:

- Funding efficiencies by harnessing existing resources
- Sharing resources can synergise impact
- Reduced burden on smaller organisations through partnerships

Funding efficiencies and impact potentiation by harnessing existing resources
Place-based models and programs that build on existing local service system capacity and capability will create funding efficiencies. Integrated place-based programs are often characterised by co-location – sharing existing resources such as office space, administration and staff. However, true placed-based programs are more than just 'co-location'. As noted in *Stronger Places, Stronger People*, placed-based programs share planning, decision making and program delivery.

Sharing of resources and capabilities can synergise impact
Understanding the strengths and resources of both communities and partner organisations ensures they can be best leveraged to achieve service goals, increasing the impact of what one organisation could achieve alone.

Reduced burden on smaller organisations through partnerships
Place-based models of funding allow for smaller community organisations to partner with other organisation who have greater capacity to develop program models, training, policies and procedures, reporting and contract management and funding applications. However, power and decision making must continue to

be shared, irrespective of which organisation executes the funding. The success of place-based initiatives is dependent upon the involvement of local and often small organisations. Funding models need to be inclusive of small community organisations.

Possible challenges of place-based funding models

However, place-based models of funding may present several challenges including:

- Addressing the needs of communities that are not 'place-based ready'
- The need for longer-term funding to support implementation, commitment to long-term approaches and outcomes
- Investment in record keeping and data management
- The need for funding contracts that are flexible

Address the needs of priority communities that are 'not ready' for place-based initiatives

The Department's Stronger Place, Stronger People initiative creates the authorising and funding environment between Federal and State Governments to implement place-based approaches in local communities. Partner communities are selected based on (among other factors) existing strong community leadership and established local governance structures.[60] Communities that do not have these desirable characteristics are at risk of missing out.

Expanding place-based initiatives into priority communities that are 'not ready' will be challenging (and costly). The Stronger Place, Stronger People initiative, and the supporting National Centre for Place-Based Collaboration (Nexus Centre) need to take into consideration the extra resourcing, collaboration and time needed to develop community readiness.[61] The need to build readiness should also be recognised in funding models, frameworks and toolkits.[62]

Importance of long-term funding to support a long-term approach

A long-term focus is important to all FWC initiatives and especially to a place-based approach.[63] This acknowledges the complex nature of problems being

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[60] https://www.dss.gov.au/families-and-children-programs-services/stronger-places-stronger-people.
[61] A National Leadership Group was established in February 2022 to oversee the development of The Nexus Centre (https://www.dss.gov.au/place-based-collaboration).
[62] The Victorian Government has developed a Victorian Public Service Place-based funding toolkit (https://www.vic.gov.au/place-based-approaches-funding-toolkit) and herein 'readiness' is used to prioritise communities for interventions.
[63] Department of Premier and Cabinet (2012).

addressed and the time required to work in genuine partnership with community. Place-based approaches are characterised by longer lead-in and establishment time. Getting programs up and running takes longer, and it can also take longer to realise community-wide impact. Short-term funding cycles are not conducive to programs that focus on long-term outcomes.

Funding agreements must recognise and support partnership and community relationship development and collaborative requirements

Effectiveness of place-based programs is dependent upon shared decision-making, genuine partnerships and collaborative support networks. The partnership development phase is integral to the success of place-based approaches. Funding agreements need to support the extra time and resources required to develop a genuine place-based approach.

Records management and data collection requires investment

Time and resources are required to develop fit for purpose data systems for place-based approaches. Data capability and capacity will vary across community organisations – especially smaller services. Inadequate data systems will compromise monitoring, evaluation and capture of client feedback and therefore continuous improvement. The flexibility of place-based approaches creates unique challenges for data collection and monitoring.

Establish flexibility in funding contracts

Place-based initiatives require a long-term investment supported by long-term funding. However, program, community and organisational needs can change over time. Flexibility clauses within contracts will ensure that unforeseen events or changes can be negotiated between parties efficiently. Variation across how quickly programs can be established in place will have an impact on when funding targets can be met. Contract flexibility will need to allow for the ability to adapt to local implementation delays and local organisations' preferences. We discuss this further in our responses under Focus Area 6.

Recommendation 23: Ensure that the needs, systems and infrastructure capabilities of small organisations are taken into account when developing place-based funding models.

Recommendation 24: Develop funding models and initiatives that include communities that experience barriers to 'place-based readiness'.

Recommendation 25: Provide longer-term funding for place-based initiatives to accommodate longer establishment phases and to realise long term outcomes.

Recommendation 26: Ensure that funding agreements allow for increased time and resources for development of partnership and community relationships.

Recommendation 27: Invest in fit-for-purpose data management, risk management and reporting systems for place-based initiatives.

Recommendation 28: Ensure that place-based funding contracts include clauses to allow for implementation, monitoring and evaluation processes, and programmatic flexibility.

Question 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.

Extensive experience in place-based approaches

Good Shepherd has a wealth of experience implementing place-based and shared decision-making models throughout Australia. In Focus Area 1 we highlighted programmatic insights from our place-based disaster support programs. In Focus Area 2 we highlighted our Power Saving Bonus Community Outreach Program which provided place-based energy affordability support as well as application support to over 57,000 elderly and other vulnerable Australians experiencing digital exclusion, through 283 neighbourhood houses. Turning to Focus Area 3, we detailed how the place-based version of the Financial Inclusion Action Plan program fosters local partnerships between government and organisations, aiming to enhance community financial wellbeing. Additionally, Good Shepherd has been successfully running the NILs program since 1981, evolving to engage 170 community organizations in 600 locations across Australia.

As of December 2021, Good Shepherd has been actively implementing the Queensland Financial Resilience Program (QFRP). This integrated, place-based initiative focuses on financial wellbeing and capability, with funding provided by the Queensland Government.

The program follows a place-based model of delivery, such that services are embedded in Neighbourhood Community Centres (NCC)[64] and Good Money[65] stores across 20 priority areas in the state of Queensland.[66] The QFRP employs 20 financial capability workers in 20 priority areas delivering 20,000 hours of client engagement per year. The QFRP is designed to meet the needs of local communities whose residents are disproportionately facing the negative impact of financial hardship and stress.

The QFRP program adopts a multi-layered service delivery approach to ensure comprehensive support for clients. Each NCC houses a dedicated financial resilience worker responsible for delivering financial wellbeing and capability support. These workers not only assist clients at their specific centre but can also extend support to clients from neighbouring NCCs. Supporting the financial resilience workers is a network of area-based financial counsellors. These counsellors offer location-specific assistance to clients or support financial resilience workers, and can provide statewide telephone or online support.

Additionally, the program employs a social worker who plays a pivotal role in providing direct client support or secondary consultation to financial resilience workers and financial counsellors throughout the program. The social worker brings specialized counselling expertise to address the additional wellbeing needs of clients.

The Queensland NCCs, with their strong community connections and roles in disaster response, are a natural fit for embedding a FWC program. Despite their community engagement, many NCCs lacked access to a comprehensive FWC program, which this initiative now addresses.

Reflections

Importance of engaging local communities, peak bodies and funders early

Good Shepherd and Neighbourhood Centres Queensland understood the need to bring partners to the table early in the contract and funding negotiations. Place-based initiatives must share decision-making and power to be successful. Imposing programs on small community organisations will fail without building trust and shared decision-making from the beginning. In the past, the co-location

[64] https://ncq.org.au/find-a-centre/.
[65] https://goodshep.org.au/services/good-money-stores/.
[66] The priority areas were based on Statistical Area 2 (SA2), see https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1270.0.55.001~July%202016~Main%20Features~Statistical%20Area%20Level%202%20(SA2)~10014.

of programs in NCCs have failed when engagement and collaboration was neglected at the outset.

Speed of program implementation varied across place

The rate of program implementation across the 20 locations varied. Some centres were up and running quickly, others required longer (some almost a year) to establish. We have learned through the QFRP evaluation that effectiveness is amplified in areas where there were strong pre-existing community relationships.[67] For example, implementing Good Shepherd's financial resilience program was rapid and streamlined in Logan East (with considerable place-based experience) compared to communities with no prior experience. We also found that where there was a pre-existing relationship with Good Shepherd programs (such as NILs) then implementation was also smoother. Other barriers to implementation included remoteness, communities with fewer local resources and available or skilled staff. Funding and contractual requirements need to be flexible to account for these barriers and delays to implementation.

Need to be flexible in funding agreements to accommodate the needs of local organisations

During program implementation, Good Shepherd found that some partner NCCs preferred to employ and manage their own financial resilience workers to deliver the program (ie. the worker was an employee of the NCC and not Good Shepherd). The engagement model developed with Neighbourhood Centres Queensland was used to guide these service model decisions and ultimately some NCCs entered a sub-contracting arrangement with Good Shepherd. Funding agreements for FWC programs using a place-based approach should allow flexibility to ensure needs and terms of partnership can be negotiated between the partnered organisations, and where both desired and appropriate, allow for sub-contracting arrangement with smaller community level organisations.

Ways of working need to be flexible

Embedding FWC practitioners within small organisations required flexibility in ways of working. For example, financial counsellors generally work on an appointment-based system, which at times is not conducive to how NCCs operate. At Logan East Community Centre, the QFRP financial counsellor's appointment book filled rapidly. Food Relief workers often identified clients who required specialist financial assistance but since the financial counsellor was

[67] Parker (2023).

unavailable, the opportunity to offer specialist assistance was lost. Very quickly Logan East adapted the financial counsellor's so that she was available for 'drop-ins' and assisted Wednesday mornings when clients were accessing food relief.

Partners' strengths and capabilities are leveraged

The QFRP partnership utilises Good Shepherd's established resources, including IT capabilities, workforce planning, training, and governance. Neighbourhood Centres benefit from Good Shepherd's expertise in delivering specialist financial wellbeing and support services. QFRP also leverages existing programs and services, such as food and emergency relief offered by most Neighbourhood Centres, facilitating direct support for clients' needs. Remarkably, QFRP workers seamlessly integrate within NCCs, with clients perceiving them as part of the Centre rather than distinct from it.

Operating within NCCs, the program provides optimal access to a range of wraparound supports. Recent evaluations highlight that embedding financial resilience support in these centres eliminates the stigma associated with seeking financial assistance.[68]

Challenges in measuring outcomes and impact

The QFRP program's ultimate goal is to enhance the financial resilience of clients. This is achieved by addressing immediate needs, enhancing financial knowledge, improving financial behaviour and skills, increasing financial control and efficacy, and effectively managing factors that contribute to financial difficulties.

The latest evaluation of the QFRP revealed that program participants underwent notable improvements in financial management skills, witnessed enhanced job prospects, and reported a heightened sense of personal empowerment.[69]

A supportive one-on-one relationship alongside a network of community supports impacts client wellbeing

Financial vulnerability, hardship, and crisis can significantly impact wellbeing, and seeking support for financial issues often leads to stress and anxiety. The QFRP adopts a place-based approach, offering participants a supportive relationship with a dedicated resilience worker and access to an extensive network of community supports. The QFRP evaluation also highlights the pivotal role of

[68] Parker (2023).
[69] Parker (2023).

genuine connection and emotional support provided by financial resilience workers in contributing to participants' overall wellbeing.[70]

Meeting immediate material need is very important but not always addressed

In the latest evaluation of the QFRP, program staff stressed the significance of addressing participants' immediate material needs as a priority before delving into discussions about managing debt, day-to-day finances, and financial education and capability-building. Staff acknowledged that resource gaps in their community centres sometimes hindered the adequate addressing of clients' material needs.[71]

Focus area 6: Future funding arrangements

Question 13. What would sustainable and more flexible FWC grants funding look like for you?

Good Shepherd appreciates the Department's decision to pursue greater flexibility for enhancing the efficiency of FWC grant funding. Flexible funding is pivotal in FWC programs, enabling service providers to adapt interventions as required, address specific issues as they arise, such as changes to the target client cohort, and ultimately respond more promptly and agilely to community needs and amplify the collective impact.

Grant flexibility: Allowing amendments for program enhancement

Flexibility in funding grants should entail the ability for either party (funder or service provider) to submit a written request suggesting amendments to the program or service delivery.

Good Shepherd has successfully incorporated flexibility into contracts with state government funders, yielding numerous advantages. While the benefits for service providers are evident, this approach also assures funders by granting them the ability to propose program or service delivery amendments. This proves particularly beneficial in longer contracts with extended service delivery periods, where changes in the operating environment and client needs are likely. The inclusion of a clear amendment process in the contract facilitates transparent

[70] Parker (2023).
[71] Parker (2023).

navigation of these changes throughout implementation. Moreover, it fosters goodwill from the outset, as any proposed amendments require mutual agreement from both parties.

Sustainable funding involves allocating resources to build the capacity to meet governance and compliance requirements

The Department's recognition of the rising administration, wage, and operational costs, and the acknowledgment that case management of clients with complex needs is more costly reassures Good Shepherd.[72] While this is an undeniable reality for all service providers, we draw the Department's attention to additional costs linked to FWC program risk and compliance. These costs have also significantly contributed to the current increase in program delivery expenses.

Good Shepherd has been grappling with this challenge for some time. Good Shepherd's no interest loans aim to support vulnerable Australians, particularly women and their families who have experienced domestic violence. The NILs program ensures there are no fees or interest charged, either initially or in case of non-repayment. Additionally, funds are never disbursed directly to the borrower or overseas to mitigate organized crime risk. Despite the program's focus on vulnerable Australians, small loan amounts, and implemented controls to minimize financial crime risk, Good Shepherd still bears significant obligations (4-yearly independent reviews) under the AML/CTF Act, overseen by AUSTRAC.[73] Meeting these compliance requirements and administrative responsibilities adds to corporate overheads that are currently unfunded.

Therefore, the resources required to address the level of risk and compliance should be factored into FWC grants and adequately funded to ensure sustainability. Good Shepherd, at its own expense, bears substantial external legal costs for application preparation and consultancy expenses for the independent review required by AUSTRAC, which occurs every four years. These costs are further compounded by significant internal expenses, such as the substantial time commitment from various management levels, executive staff, and personnel in the CEO's office, required to ensure compliance with our AML/CTF Act obligations whilst also maintaining the ethos of Good Shepherd's mission, which is to support women, girls and their families to live full and dignified lives.

Recommendation 29: Introduce contractual mechanisms for program flexibility.

[72] Department of Social Services (2023, p. 35).
[73] Anti-Money Laundering and Counter-Terrorism Act 2006 (Cth).

Recommendation 30: Increase resources to meet the cost of compliance, risk and governance requirements.

Question 14. What are your reflections on the supplementary FWC funding for crisis events that has been allocated to the sector since 2020?

Limited lead time constrained implementation

Good Shepherd commends the Department for its commitment to supporting FWC programs through supplementary funding measures. However, the limited lead time provided to deploy additional funds constrained service providers' capacity, including Good Shepherd, to fully utilise the supplementary funding. In future, the sector would also benefit from more time to collaborate across different providers and stakeholders, including industry, to plan for events.

Supplementary funding lacked crisis brokerage

Our ability to respond more effectively to the community's needs could have been enhanced if crisis brokerage were included in the supplementary funding package. Anecdotal evidence from our FWC practitioners suggests that clients or referrers prefer working with FWC workers who have access to brokerage. This underscores the notion that individuals accessing FWC programs, regardless of their position on the financial wellbeing continuum, are, on a personal level, in crisis. Family violence programs recognize this principle by allocating a portion of crisis brokerage funding to every service, acknowledging that family violence is inherently a crisis situation rather than a specific or one-off event. Additionally, crisis brokerage would have empowered service providers like Good Shepherd to foster financial resilience. As discussed in the previous section, addressing people's most immediate needs provides an opportunity to engage with them on other needs.

Recommendation 31: Ensure sufficient lead time to utilise supplementary or crisis funding.

Recommendation 32: Supplementary crisis funding must include brokerage funding, based on an agreed brokerage allocation scale or framework, to all FWC service providers and programs to meet the immediate material needs of service users.

Question 15. How can FWC funding arrangements be structured in the future to better respond to local community needs, and time-limited surges in need?

As discussed in Focus Area 1, we will see a growing need for surge funding due to disasters and other crisis events. Good Shepherd's experience indicates that access to a savings buffer, which is the cornerstone of financial resilience, is as important for organisations as it is for individuals to better respond to financial emergencies and other time-limited surges in need.

Maintain a pool of unallocated surge funding

Establishing an unallocated surge funding pool would empower the Department to respond promptly to local community needs. One potential avenue for this could involve leveraging the Department's new voluntary Industry Funding Model for Financial Counselling. As outlined in the consultation paper, this industry funding model aims to enhance access to free, independent financial counselling services for people facing financial hardship.[74] Good Shepherd practitioners, in their fieldwork, regularly witness the acute financial challenges that arise in local communities during disasters and other short-term surges in demand for FWC programs.

The potential for utilising the industry funding model as surge funding could be strengthened if it were a mandatory, rather than voluntary, funding model.

Recognizing the pivotal role that industry plays in the FWC ecosystem, especially during crises where immediate material needs take precedence over long-term investments, Good Shepherd recommends that a mandatory funding model would more effectively address the needs of local Australian communities than a voluntary one. A mandatory funding model would also compel industries, including the BNPL industry, to participate and commit funding. Enacting legislation for a mandatory funding model is a step towards ensuring the long-term sustainability of the financial counselling sector.

Recommendation 33: Legislate a mandatory industry funding model for financial counselling that better aligns to the service model.

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[74] Department of Social Services (2023, p. 35).

Focus area 7: Improved outcomes and data

Question 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 services align with the draft Program Logic?

Expected FWC services outcomes and useful program data need to align with a shared conceptual understanding of financial wellbeing and capabilities.

Over the last few years, Australian and global research has expanded our knowledge of the drivers, characteristics and definitions of financial wellbeing, financial capabilities, and financial resilience. Having up to date conceptual understandings will facilitate effective resource allocation, better program design and result in improved client outcomes.

Financial wellbeing

Since 2018 the research has overwhelmingly confirmed that the concept of financial wellbeing comprises: [75]

- Being able to meet day to day expenses
- Having resilience to meet unexpected expenses
- Having security for the future
- Having resources to be able to make choices to enjoy life

Similarly, US research views measures of financial wellbeing as a combination of perceived 'current money management stress' and 'expected future financial security'.[76] All definitions agree that financial wellbeing is about the present and the future. We also know that these constructs include objective and subjective measures. The subjective elements include feeling financially secure, feeling comfortable, feeling in control of one's money.

Currently the FWC programs are predominantly focused on outcomes that enable people to better meet day-to-day needs and reducing current money management stress. Programs that specifically include outcomes that focus on

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[75] Kempson & Poppe (2018) and Haisken-DeNew et al. (2019).
[76] Netemeyer et al. (2017).

future financial security and build financial resilience are few. Programs that encourage saving for the future or building an asset or income generating activity such as microenterprises can be considered to work towards improved financial security for the future. Programs need to help people achieve the objective elements – i.e. having the resources, knowledge and skills to meet expected and unexpected expenses and plan for the future – as well improving financial self-efficacy, confidence and feelings of financial security and optimism for the future.

Financial resilience *(financial stability)*

We note the FWC draft outcomes framework refer to financial stability rather than financial resilience. We presume the terms have the same interpretation – that is, having access to resources that enable people to withstand financial shocks.

The global academic research most commonly uses the term financial resilience. We have learned a lot about the nature of financial resilience in the past few years. Researchers from UNSW[77] have defined financial resilience and created a measurement framework for the Australian context. Financial resilience includes an individual's access to internal resources such as financial knowledge and behaviour, along with access to financial products, economic resources and social capital. We also know that financial resilience and financial vulnerability are two ends of a continuum. To reduce financial vulnerability, we need to increase financial resilience.

The components of financial resilience can also be measured to assess individual levels of financial resilience / vulnerability.[78]

For example, 'economic resources' is one of the indicators of financial resilience. This indicator is further broken down into: level of savings, debt management, ability to raise $2000 in an emergency, ability to meet living expenses and household income quartile. Similarly, the other 3 indicators are also dissected to allow for better assessment.

FWC programs should use specific and consistent measures of financial resilience / vulnerability to better assess the needs of clients and allow for better outcome measurement.

There is a hierarchy of interventions that work best. Reducing financial stress and hardship and meeting immediate needs are the first steps in moving towards financial wellbeing. A multi-country (including Australia) review of financial capability programs showed that better financial wellbeing outcomes were

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[77] Salignac et al. (2019).
[78] See Salignac et al. (2019).

achieved when people's basic needs were met through wrap around services before attempting to build financial skills.[79]

Good Shepherd has noted similar results with some of our financial capability and wellbeing programs. Our evaluations showed that clients are better able to engage with services that build financial capability or resilience when their immediate material needs are met.

Meeting immediate needs, reducing clients' levels of stress and supporting them to a point where they have capacity to absorb knowledge, develop financial skills and increase confidence takes time and will likely require multi-faceted support.

Draft FWC Activity Program logic

Recent developments in our understanding of financial wellbeing and financial resilience should be reflected in the FWC Activity Program Logic to ensure better alignment with the outcomes we seek in our programs.

NILs potential to produce better outcomes for clients

Clients who use NILs are excluded from access to mainstream credit, have an urgent material need, have little to no savings and commonly experience high levels of financial stress and hardship. Receiving a loan for a household item may relieve immediate financial pressure but on its own doesn't build financial resilience. Debt doesn't contribute to resilience or financial wellbeing – it is a detractor.

However, after meeting the immediate need, the application of wrap-around services and support over a period of time would give NILS far greater potential to produce the outcomes that are sought by the Draft FWC Activity Program Logic.

Better align measurement techniques with expected service outcomes

The DSS measurement requirements for data collection needs to line up with the service offered and KPIs set for that type of service. For example, requiring a pre and post measure for a 15-minute financial conversation is not appropriate and can lead to inaccurate results. The use of pre- and post-measures within a short time period does not give a true assessment of the impact of a program. Measures can be multi-layered. Assessing process and satisfaction with service is one dimension, but assessing outcomes and or impact from a program needs to

[79] Yashadhana et al. (2023).

be a longer-term endeavour. Financial wellbeing and capability development is a long-term process and measures need to reflect that.

Investing in rigorous, coordinated research and evaluation of the impact of FWC programs to provide 'evidence informed' services.
We acknowledge and appreciate the FWC requirement for services to offer clients the opportunity to give consent to participate in follow-up research. Investing in rigorous financial wellbeing and capability research that keeps pace with national and global knowledge is critical to ensure effectiveness of programs overall.

Similarly, evaluations should be well-coordinated, consistent and rigorous to make sure we have a full understanding of 'what works for whom under what circumstances and why'.

Evaluations are costly and many FWC delivery organisations do not have the capacity to undertake them. This work could be coordinated through a national body or delivery organisations should be funded accordingly.

Harness and expand the power of the* Measuring What Matters *dashboard
The Federal government is to be commended for the development of the *Measuring What Matters* data dashboard.[80] This tool enables government and agencies to monitor and reflect on long-term program outcomes at the population level. While several dashboard indicators are relevant for the FWC program logic, their current format is too broad to align with specific program logic outcomes. For instance, in the 'Making Ends Meet' indicator, data is only available for the overall metric of 'Cash flow problem'. This metric encompasses several specific hardship problems that align with the program logic. It would be beneficial to track specific problems over time. In contrast, for indicators like 'Homelessness', differences over time can be displayed by population groups, unlike 'Making Ends Meet'.[81] Future dashboard improvements could consider overlaying small area estimates to facilitate for place-based needs and outcomes assessment. However, it is crucial to note that changes at the

[80] https://treasury.gov.au/policy-topics/measuring-what-matters/dashboard.
[81] https://treasury.gov.au/policy-topics/measuring-what-matters/dashboard/homelessness.

population level can take a very long time to be reflected in population-based data.

Recommendation 34: FWC programs should use more specific and consistent measures of financial resilience / vulnerability to better assess the needs of clients.

Recommendation 35: Research and evaluation should be invested in to allow for more accurate and comprehensive understanding of the impact of FWC programs. Methodologies for outcome measurement need to align with the nature of the service.

Recommendation 36: Expand and leverage the full potential of the *Measuring What Matters* data dashboard, ensuring that dashboard indicators align with the long-term outcomes outlined in the program logic.

Question 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?

The consultation paper highlights several metrics for identifying unmet client demand or needs, such as waiting lists, turn away rates, and situations where clients must access more than one provider to meet their needs. At Good Shepherd we use several metrics to identify unmet demand and unmet needs.

Unmet need in telephone-based programs

Capturing unmet data needs is relatively straight forward for telephone-based services. In these programs, we can access data that records the number of calls received, the number of calls answered, and the number of calls that resulted in service provision.

Good Shepherd has made substantial investments in data management and analytic systems. Telephone-based unmet needs is accessible for reporting and analysis purposes. However, our systems do not reveal where those unanswered calls originate.

Referrals data and client needs

Monitoring the internal and external referral of clients to FWC and other programs poses a greater complexity. Recording the number of referrals made to external or internal providers doesn't offer into the appropriateness of those referrals (i.e. whether they met the client's needs) or if the services were accessed. While simple metrics coupled to referral data, including practitioner insights and observations, may provide additional insights, there is also the risk of adding to the practitioners' workload. Likewise, identifying all possible client support needs becomes meaningless if those needs are not prioritised based on their level of importance, and risks compromising quality of the data captured.

Measuring unmet community need

Leveraging the Department's capacity to analyse place-based data could enhance the targeted delivery of FWC programs. This expertise would also be advantageous for FWC service providers, considering not all organizations possess the infrastructure or capability to analyse data effectively. The Department can assist service providers in analysing their own data to ensure they reach the right cohorts. Investing in data guides, workforce training, analytic support, and data interpretation will benefit all FWC service providers, making service delivery more efficient. This could also potentially help identify emerging needs in other sectors, such as housing and homelessness. Additionally, exploring the use of small area estimation, though beyond the scope of many community organizations, could further enhance the precision and efficiency of FWC services.

Recommendation 36: Utilise government capacity for analysing place-based data to optimise the delivery of FWC programs.

Recommendation 37: Before implementing changes to data collection and reporting, it is crucial to conduct thorough testing of new methods. Any efforts to enhance data collection and reporting requirements should be accompanied by investments in building data capacity and capability, with a special focus on supporting smaller service providers.

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