

Review of Financial Wellbeing and Capability programs

Submission to Department of Social Services

January 2024

The Brotherhood of St. Laurence and financial wellbeing and capability

The Brotherhood of St. Laurence (BSL) is a social justice organisation working alongside people experiencing disadvantage to prevent and alleviate poverty across Australia. Our mission is to pursue lasting change, to create a more compassionate and just society where everyone can thrive. Our approach is informed directly by people experiencing disadvantage and uses evidence drawn from our research, together with insights from our programs and services, to develop practical solutions that work.

Our work

At BSL, our strategy and services in financial inclusion and wellbeing are guided by our [Financial Wellbeing Framework](#). This framework, rooted in Amartya Sen's Capability Approach, expands the concept of financial wellbeing. It goes beyond individual circumstances to acknowledge structural and systemic barriers, assessing how they can either facilitate or hinder financial wellbeing. The Financial Wellbeing Framework encompasses various dimensions:

- Financial logics, delving into the reasons behind individuals' decisions with consideration of resources, attitudes and understanding.
- Financial literacies, addressing the information, knowledge and skills required for financial comprehension.
- Financial advocacy, advocating for regulatory and systemic changes.
- Financial counselling, providing access and support during challenging times.

Crucially, the framework is grounded in respect for [economic dignity](#), emphasising meaningful control over financial decisions, respectful treatment irrespective of financial situations and source of income, safe and meaningful work, and the fulfilment of basic needs.

BSL's financial inclusion and wellbeing initiatives are concentrated on the 'at risk', 'recovery' and 'wellbeing' phases of the Financial Wellbeing Continuum (outlined on page 10 of the [Consultation](#)

[Paper](#)). For clients undergoing crises, we establish robust referral pathways with organisations in the sector to provide comprehensive support.

Our financial wellbeing framework forms part of BSL's broader strategy to achieve economic security for all. It can be used to help develop programs that directly address financial hardship among those experiencing disadvantage, and to inform government and institutional policies that create the conditions for the financial wellbeing of all Australians.

Having actively participated in the stakeholder insights stage of this review, engaging in two rounds of interviews with Hall & Partners, BSL is pleased to see our perspectives reflected in the Consultation Paper. This includes insights on the Financial Wellbeing Continuum, macro-economic conditions impacting clients, lessons from online service delivery and the importance of collaboration and innovation within the sector. We welcome this opportunity to provide further input.

In our submission we address a selection of consultation questions while reiterating our focus on filling gaps in the continuum and advocating for:

- **Long-term certainty:** Advocating for stable, 7-year funding to improve planning and innovation and reduce administrative burden.
- **Enhancing referral pathways:** Strengthening pathways between organisations to ensure seamless client access to diverse resources and support networks.
- **Bridging service gaps:** Expanding financial education programs to support those at risk of financial stress and hardship and those seeking to improve financial wellbeing and economic security.
- **Improving data sharing:** Enhanced data sharing between services and the Department of Social Services (DSS) for more effective advocacy and policy change to prevent disadvantage.

In summary, BSL remains committed to influencing lasting change in financial wellbeing, addressing critical issues, and advocating for a more inclusive and supportive society.

Framing financial wellbeing

While the Financial Wellbeing Continuum provides a useful conceptualisation of the spectrum of programs available to support wellbeing, we recommend two changes to its framing that would make it more inclusive. We recommend the continuum be updated to remove the subjective language of 'good financial decisions' and replace this with an alternative such as 'informed financial decisions'.¹ The continuum also implies that financial wellbeing is dependent on employment, whereas many people cannot work or have partial capacity to work, yet still have the same right to financial wellbeing.² BSL recommends that 'secure employment' be changed to 'secure and adequate sources of income' or similar.

¹ It is important to recognise that even informed financial decisions may not always lead to financial wellbeing, as people on low incomes often face tough choices. For example, a person may be aware of the pitfalls of buy now, pay later loans but not have access to alternative options for meeting their basic needs.

² It is also important to recognise that poor financial wellbeing can act as a barrier to employment.

Consultation questions

Focus area 1 – Current operating environments and systemic issues

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

A key systems issue impacting financial wellbeing and capability (FWC) clients is the inadequacy of the social security system. Working-age payments, and the JobSeeker Payment in particular, are too low to meet basic needs – an issue that predates the current cost-of-living crisis. While our work has shown the effectiveness of delivering FWC education and support, we also recognise that it costs more to be poor and those on low incomes often do not have enough money to meet their basic needs and build savings. People on low incomes often have highly developed financial management skills out of necessity, but learning how to manage a budget is not the solution if people do not have enough to get by. Further, meeting the essential needs of clients diverts the resources of many services away from capacity building. It is crucial that the rates and conditions of social security payments are adequate to meet basic needs and provide a foundation for further capacity building in financial wellbeing.

Focus area 2 – Changing client needs

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

Through our service delivery and research, we have identified and implemented a range of evidence-based approaches to supporting people with complex needs. These approaches will also aid in meeting future client demand. BSL encourages the adoption of these approaches across the sector:

- **Emphasising individual agency:** to guide participants to make informed decisions, empowering them rather than imposing solutions.
- **Understanding diverse decision-making:** to recognise the unique circumstances and reasoning behind participant's financial choices, enabling nuanced support.
- **Embedding lived experience:** to partner with participants, incorporating their perspectives and voices throughout their financial wellbeing journey.
- **Enhancing referral pathways across the sector:** to strengthen and optimise referral pathways between organisations, ensuring seamless access to diverse resources and fostering collaborative support networks for individuals to make informed financial decisions and achieve lasting economic stability.
- **Building financial literacy:** to go beyond basic skills, equipping participants with a deeper understanding of their financial choices and boosting their confidence in managing their finances.

- **Reforming inequitable and inefficient systems:** through systemic changes to policies and practices that contribute to financial hardship.
- **Embracing intersectionality:** to recognise the diverse experiences of economic insecurity across gender, ethnicity, ability and other factors. By applying an intersectional lens, our programs effectively cater to the specific needs of marginalised groups.
- **Championing gender equity:** using a gender lens to tackle gender inequities and create opportunities for women's economic security.
- **Providing women-specific support:** offering women-only spaces and pathways and seek to tackle the sociocultural norms perpetuating violence against women.
- **Amplifying marginalised voices:** prioritising inclusivity by ensuring the voices of women and other marginalised groups are heard and inform program planning, design and evaluation.
- **Prioritising family safety:** to recognise family violence as a barrier to financial wellbeing and address it within our programs.

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

For people facing systemic barriers to financial wellbeing, early intervention requires government investment in ensuring adequate incomes, expanding access to low-cost credit and improving consumer protections; considerations that should form part of any FWC strategy.

Financial education training serves as a proactive early intervention tool that empowers and prepares communities by imparting essential financial literacy skills. This training equips individuals to make well-informed decisions, manage resources efficiently and navigate economic challenges with resilience. It is crucial for such training to be readily accessible and delivered in a manner that avoids contributing to stigma; fostering an environment where seeking help is encouraged and embraced. Poorly designed targeting and eligibility requirements for programs can present a barrier to people accessing support despite facing genuine need.

At BSL, we deliver [Saver Plus](#) which is an effective early intervention tool that supports a person at risk of financial stress and hardship to build resilience and improve their overall financial wellbeing. However, we have identified gaps in the existing service landscape, particularly in the transition from financial crisis support to more stable asset management and wealth creation. Our program data shows minimal direct referrals from financial counsellors and No Interest Loan providers to Saver Plus (at only 0.8% of all enquiries received between January 2021 and January 2024), with these referrals also having a low rate of participant conversion (44%).

In response to this identified gap, BSL is actively exploring strategies to facilitate a more seamless transition for individuals who have addressed their financial crises and are now seeking skills to build longer-term financial stability.

One example is the Financial Empowerment & Resilience Network (FERN), a pilot project recently completed at BSL. FERN exemplifies an effective early intervention model for individuals at risk of financial stress and hardship who want to increase their financial wellbeing and economic security. The FERN model provides financial capability education, support, and referrals. FERN is

distinctive in that, despite its focus on working with people on low incomes, it has no eligibility restrictions.

The FERN model is made up of three core elements:

1. Financial capability education workshops.
2. One-on-one financial capability coaching, with introductions to relevant services.
3. The Financial Capability Practitioner Network (FCPN).

The model is informed by:

- the Capability Approach³ – an approach to human welfare and wellbeing pioneered by Amartya Sen and developed by Martha Nussbaum that begins by asking ‘what are people actually able to do and be?’ while also recognising important constraints
- BSL’s Financial Wellbeing Framework
- MoneyMinded (flexible adult financial education resources developed by ANZ and others).

The FERN pilot project’s ambition was to demonstrate effective ways of providing strengths-based, tailored financial capability education, coaching, and referrals that foster economic security and economic dignity. It provided a testing ground for:

- operationalising the BSL Financial Wellbeing Framework
- providing accessible financial capability education and coaching
- understanding core financial capability worker skills and training
- building a practitioner network in the financial capability environment
- integrating practice, policy and research.

By combining personalised coaching, robust referral systems and accessible education, BSL demonstrated a successful early intervention approach that empowers individuals to build financial resilience and navigate financial challenges. FERN funding is fixed term, and we hope to secure ongoing funds to build on the success of the pilot and more permanently contribute to closing a gap in the continuum. More information about the FERN project and its outcomes can be found in BSL’s [Filling the gap in financial support programs: Financial Empowerment and Resilience Network \(FERN\) project report](#).

³ Sen, A 1980, ‘Equality of what?’, in S McMurrin (ed), *Tanner Lectures on Human Values*, vol. 1, Cambridge University Press, Cambridge. — 1993, ‘Capability and well-being’, in A Sen & M Nussbaum (eds), *The quality of life*, Oxford University Press. — 1995, ‘Inequality reexamined’, Oxford scholarship online: Economics and Finance module, Oxford University Press. — 2001, ‘Development as freedom’, Oxford University Press. — 2005, ‘Human rights and capabilities’, *Journal of Human Development*, vol. 6, no. 2, pp. 151–66. — 2009, *The idea of justice*, Harvard University Press, Cambridge, Massachusetts.

Focus area 3 – Best practice service delivery

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?

In response to the need for seamless support and referrals, BSL proposes several strategies:

- **Fund a Community of Practice (COP):** COPs enable the regular and systematic sharing of knowledge and expertise between programs and support organisations to strengthen relationships, both of which directly result in more effective referral pathways and ultimately better outcomes for people with complex needs. BSL has extensive experience facilitating COPs, which you can read more about in our [submission](#) to DSS on *A stronger, more diverse and independent community sector*.
- **Support and strengthen existing platforms:** Expanding platforms like Ask Izzy and One Stop One Story to facilitate service-to-service referrals can significantly improve resource sharing and access. In addition, BSL will shortly launch 'Living Costs', a financial capability navigation tool as part of our FERN. Living Costs is a comprehensive website with up-to-date financial capability information provided through a unique tailoring quiz.
- **Encourage and monitor referrals:** To ensure clients receive holistic support as they progress along the Financial Wellbeing Continuum, DSS could consider including key performance indicators and targets related to referrals or monitoring in grant agreements. To avoid the risk of inappropriate referrals, DSS would need to make sure that programs have sufficient capacity to build referral pathways and identify what represents 'quality' referrals. This approach not only encourages a seamless flow of referrals but also has the potential to minimise promotional or marketing costs, thereby enhancing program sustainability. By fostering stronger collaboration and coordination among different services, we can optimise resources and provide more effective support to individuals on their financial wellbeing journey.
- **Facilitate co-location of services:** Where possible, FWC programs should be supported to co-locate with other service types and to have a presence within integrated service hubs within communities. The benefits of co-location for people with complex needs has been extensively documented.

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?

BSL has introduced the following service improvements and innovations:

- **Saver Plus:** Delivered in partnership with ANZ, the program has empowered thousands with lifelong savings habits and financial confidence. Since 2003, over 58,000 participants have collectively saved over \$28 million, demonstrating its lasting impact. In a bid to enhance accessibility, the program has fully transitioned to online delivery this year and is now offered nationwide. The successful implementation of these innovations was made possible through

the support of ANZ. To ensure continuous service improvement and innovation in the future, we recognise the need for more sustainable and flexible funding grants. For further details, please refer to question 13 for a comprehensive understanding of our funding requirements and plans for sustained development.

- **Sustaining Economic Empowerment and Dignity for Women (SEED) and Stepping Stones:** Building from our Stepping Stones program, the SEED Project has a focus on pathways that support women's economic security and dignity in place. These programs have produced strong outcomes. For example, the SEED Women's Financial Wellbeing Hub in Seymour shows the effectiveness of localised service provision and Community Investment Committees (CICs) in tailoring services to community needs.
- **FERN Pilot:** As previously described, this project was designed to fill a gap in the FWC continuum.

Currently, the National Debt Helpline only refers to DSS-funded FWC programs. DSS should explore how to support the Helpline to expand the scope of its referrals to other FWC programs for wider accessibility and service integration.

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

The following strategies can assist with filling FWC service gaps:

- **Leverage virtual delivery:** Leveraging virtual delivery methods, particularly by expanding financial education programs like FERN, becomes instrumental in building financial capability, especially for individuals residing in remote or underserved areas who may face limitations in accessing traditional financial services. Beyond education, these virtual platforms serve as gateways to essential supports and referrals, contributing to a more comprehensive approach to financial inclusion. Moreover, online delivery has yielded additional advantages by contributing to the enhancement of digital literacy. A noteworthy 57% of Saver Plus participants experienced improvements in their digital literacy skills, and it is estimated that a substantial [87% of all available jobs](#) now require proficiency in digital skills.
- **Implement inclusive program eligibility:** Implementing inclusive participation criteria, as with FERN which has no eligibility criteria, allows service access regardless of postcode, gender, visa status etc., reaching marginalised individuals often excluded from traditional service models.

Focus area 4 – Workforce capacity and capability

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

Ensuring effective support for clients experiencing vulnerability within the FWC sector requires strategic action from both the sector and DSS. BSL recommends the following strategies:

- **Secure and increase funding to offer competitive remuneration:** Securing adequate funding to provide competitive remuneration is vital for attracting and retaining skilled professionals. Due to limited funding and rising organisational costs, staff remuneration has remained stagnant. Augmenting the funding would enable an investment in talent, empowering professionals to address the nuanced needs of clients experiencing vulnerability.
- **Streamlined and accessible training:** Standardised and freely accessible training to ensure uniform skill development across the sector. For instance, BSL financial wellbeing staff regularly attend the following training:
 - **Financial literacy and coaching skills training:** BSL's MoneyMinded Coach Training program ensures staff possess the necessary financial expertise to guide clients effectively.
 - **Cultural awareness training:** Prioritising cultural sensitivity, BSL offers training to ensure staff can effectively serve diverse client groups.
 - **Domestic violence and financial abuse training:** Equipping staff with skills to recognise and respond to sensitive and complex situations is crucial.
 - **Referral system training:** Familiarising staff with platforms like One Stop One Story enhances their ability to connect clients with appropriate resources.

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?

Realising the ambition of a greater role for Aboriginal Community-Controlled Organisations (ACCOs) in FWC service delivery in line with Closing the Gap requires investment in capacity building. The specific needs of each organisation may vary and may include infrastructure, finance capability, governance and targeted workforce development. It is important that ACCOs lead the assessment of capacity-building needs, in partnership with government, using a strengths-based, coordinated and strategic approach. Any service design, commissioning of services and funding arrangements need to acknowledge the right of First Nations communities to self-determination and to lead the transition of services for those communities from non-Indigenous organisations to ACCOs.

Focus area 5 – Place-based approaches

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

BSL recognises the potential of place-based approaches to FWC funding and actively engages in such models. As highlighted in our [recent statement](#), we believe place-based funding offers several advantages:

- **Tailored services:** Place-based funding tailors FWC services to meet the specific needs of local communities, ensuring efficient resource utilisation.
- **Collaboration and coordination:** Local partnerships integrate services for a more holistic approach, eliminating redundancies and addressing community needs.
- **Community empowerment:** Place-based models empower residents to actively shape and direct FWC services, fostering a sense of responsibility and collective action.
- **Sustainability and scalability:** Successful initiatives become models for replication and scaling, contributing to broader systemic change and increased program capacity.

There are some challenges that need to be considered and actively addressed at the outset in implementing place-based approaches:

- **Equity and access:** To guarantee fair access across diverse communities, careful planning and funding allocation are essential to prevent imbalances and unintended consequences.
- **Data and evidence:** Effective evaluation of place-based initiatives relies on robust data collection and analysis, necessitating investment in monitoring and evaluation infrastructure in funding provision.
- **Flexibility and adaptability:** Local contexts are dynamic, requiring flexible funding models that can adapt to changing needs and priorities without compromising service delivery.
- **Time intensiveness:** The nature of place-based approaches necessitates thorough community involvement, complex coordination efforts, and long-term commitment to foster meaningful and sustainable change in a specific location.

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.

BSL has extensive experience working in place-based and shared decision-making models, demonstrating their effectiveness in FWC service delivery. Three key examples illustrate our contributions:

- **Women's Financial Wellbeing Hub:** The hub is a part of [The SEED Project](#), which operates as a place-based initiative, tailoring support to local conditions. Employing a Capability Approach, it works on individual, community, and systemic levels to enhance financial capability and create opportunities. A CIC was established to facilitate shared decision-making and mobilise community efforts to overcome barriers to women's economic security.⁴ Insights from the development and establishment phases of the project are detailed in our report [Seeding change: insights and lessons from the development and establishment of the SEED project in Seymour, Victoria](#).
- **Epping Community Services Hub:** Our collaboration within this hub emphasises the benefits of co-locating diverse organisations. Consolidating resources under one roof enables

⁴ You can read more about CICs in our [submission](#) to *A stronger, more diverse and independent community sector*.

integrated service delivery, including FWC services, in the Whittlesea community, eliminating duplication and maximising impact.

- **National Youth Employment Body (NYEB):** NYEB is a collaborative place-based model for advancing youth skills and employment in Australia. You can read more about how NYEB supports shared decision-making in communities in our [submission](#) to DSS on *A stronger, more diverse and independent community sector*.

Reflecting on our experiences, key success factors in place-based and shared decision-making models emerge:

- **Participatory approaches:** Involving participants and communities in planning and decision-making instils ownership and tailors services to specific needs.
- **Collaboration and partnership:** Effective partnerships and shared governance between local organisations and community leaders optimise resources and enhance service delivery.
- **Holistic skill development:** Equipping participants with diverse skills, including communication, advocacy and leadership, empowers them to navigate financial challenges and contribute to their communities.
- **Supportive and empowering environments:** Establishing safe spaces for individuals to share experiences fosters confidence, encouraging personal growth and community connection.
- **Peer learning and connection:** Facilitating peer-to-peer learning and social networks nurtures a sense of belonging and mutual support, enhancing program effectiveness.
- **Enabling organisations:** there is significant value in there being an organisation that can coordinate, convene and resource place-based models. Please refer to pages 9–10 of our [submission](#) to DSS on *A stronger, more diverse and independent community sector* for further detail.

BSL continues to learn and adapt from its experience in place-based and shared decision-making models, recognising their potential to transform FWC service delivery and empower communities to achieve financial wellbeing. We are committed to sharing our expertise and collaborating with stakeholders to develop and implement effective place-based FWC strategies that benefit all Australians.

Focus area 6 – Future funding arrangements

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

To ensure sustainable and more flexible FWC grants BSL recommends the following:

- **Long-term certainty:** Providing stable, longer-term funding for better planning and reduced administrative burden. BSL's position is that there should be 7-year funding arrangements.
- **Early grant notification:** Timely and early communication of grant funding announcements for new grants and for decisions to renew/not renew current grants. This would support improved grant design (for example by allowing more meaningful engagement with potential

stakeholders), support staff retention, facilitate strategic planning and mitigate the risk of program slowdowns or closures. BSL also considers a minimum advance notice period (such as 6 months) should be provided for decisions around renewal/non-renewal of existing grants, to enable staff retention or transition arrangements to be managed in a systematic and orderly manner.

- **Flexible and sustainable grants:** Funding that aligns with unique community needs and enables rapid adaptation to changing demands including funding that allows for enhanced delivery and support models – such as improving accessibility for individuals with disability and those from culturally and linguistically diverse backgrounds. This approach ensures ongoing improvement, innovation and inclusive service delivery, and can be facilitated by contracts that are less directive.
- **Regular assessment:** Evaluating current and future funding models regularly to ensure they meet evolving community needs and are adjusted according to inflation rates.

You can read more about our recommendations for improving grant funding in our [submission](#) to DSS on *A stronger, more diverse and independent community sector*.

Focus area 7 – Improved outcomes and data

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

Overall, the FWC Activity Program Logic appears comprehensive and well-structured, addressing the need for improved outcomes measurement, data capture and aligning FWC activities with broader government priorities.

However, BSL recommends the Logic draws on the Capability Approach to understand clients' needs in relation to real opportunities to do and be what one values, rather than solely focusing on the resources people can mobilise. This is because people's financial choices are constrained by social, political and contextual factors.

Furthermore, the Logic should also look to address clients' needs by shifting systems to generate more equitable opportunities, building community capability to address complex and entrenched disadvantage, and supporting people to harness and develop their ability to successfully navigate key transition points or disruptions in their lives, when they are most at risk of falling into or being trapped in poverty.

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