

**To: Department of Social Services**

**Review of Financial Wellbeing and Capability programs  
consultation**

**Prepared by: Ecstra Foundation**

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submitted via: [engage.dss.gov.au](https://engage.dss.gov.au)

## Introduction

Ecstra Foundation (Ecstra) welcomes the opportunity to make a submission to the review of Commonwealth funded programs under the Financial Wellbeing and Capability (FWC) Activity to inform new grant agreements.

Ecstra's submission focuses on themes and specific questions within focus areas 1-7 of the *Review of Financial Wellbeing and Capability programs Consultation Paper* (the Consultation Paper).

Our submission reflects our experience of funding and partnering with over 130 community organisations working to address economic exclusion and build the financial wellbeing and capability of people and communities. It is also informed by the learnings from our flagship program, Talk Money with Ecstra Foundation, the largest face to face financial literacy program offered in schools across Australia.

We also refer to our submissions to the Department of Social Services (DSS) consultation *A stronger, more diverse and independent community sector* and the *Blueprint Expert Reference Group – Developing a Not-for-Profit Sector Development Blueprint*.

## About Ecstra Foundation

[Ecstra Foundation](#) is an independent charitable foundation committed to building the financial wellbeing of Australians within a fair financial system. Our mission is for more Australians to be confident making money decisions today, and to be planning for the future.

Ecstra is relatively unique in Australia, with a dedicated focus on supporting financial education, capability and wellbeing initiatives. Ecstra has committed \$32 million over four years in grant funding to 130 grant partners across these domains.

We work with partners in communities, schools and other learning environments to map, design, deliver and measure financial education initiatives that help build individual financial literacy, capability and confidence. We also support consumer organisations in their work to address the many structural barriers to financial inclusion and economic security. Our grant partners include community organisations, financial counselling services and community legal centres.

Our free national financial education program in primary and secondary schools [Talk Money with Ecstra Foundation](#), helps school students learn about money lessons for life, be confident talking about money and to make informed decisions. Since launching in 2022, Talk Money has engaged 1,125 schools, delivered 7,000 workshops with more than 262,000 student bookings and continues to expand to schools nationally. We are reaching lower socio-economic areas (31%) and regional and rural locations (18%) through the program.

Ecstra's initial funding was provided through ASIC's Enforceable Undertaking regime (namely community benefit payments), ensuring that consumers are always at the centre of our work.

## Summary and recommendations

Ecstra's key points and recommendations are as follows:

1. Funding to meet increased demand for FWC services due to crisis events should be *in addition to existing FWC program funding*. Ecstra supports existing calls for a more structured and coordinated approach to disaster funding, including establishment of:
  - a permanent enabling fund to complement the Disaster Ready Fund
  - a permanent flexible contingency fund within disaster recovery funding arrangements.
2. The Government should reactivate and lead the National Financial Capability Strategy to address the current significant gaps in consumer financial education, capability and wellbeing.
3. Future funding for FWC Activity should include a focus on early intervention approaches, including financial literacy and education programs. Specific funding should be allocated to resource organisations to embed lived experience in the design, delivery and review of services and support.
4. Given the workforce, resourcing and capability challenges faced by many organisations, FWC Activity funding should:
  - fund specific headcount costs
  - include mechanisms to cover increased staffing costs in periods of high demand for services
  - factor in professional skill development costs
  - consistently remunerate sector representatives for time and expertise as members of Government advisory, reference and consultative groups.
5. Ecstra supports future FWC Activity grants funding place-based approaches. Tailored support that leverages strong local links and knowledge can effectively address complex issues and improve outcomes for communities.
6. Improvements to FWC Activity funding arrangements can be achieved through the following measures:
  - reflecting the real cost of delivering quality services, including impact evaluation, IT and cybersecurity, marketing, legal and human resources
  - ensuring there is appropriate flexibility in funding terms to enable FWC partners to respond to changing community needs and adjust timelines, resources, priorities and delivery/program approach accordingly
  - multi-year funding commitments help achieve more sustainable, significant impact and facilitate scaling of effective approaches. Ecstra is supportive of longer grant agreement terms for Government FWC Activity grants.
7. Ecstra welcomes the development of the draft FWC Outcomes Framework and FWC Activity Program Logic:
  - the National Financial Capability Monitoring and Evaluation Framework (2022) should be leveraged as part of this development
  - further consultation on the outcomes and underlying indicators and measures should be undertaken as these are developed
  - Government FWC grant funding arrangements should include specific costing provision for data collection and evaluation costs.

## Focus area 1: Current operating environments and systemic issues

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

### FWC programs in disaster responses and other crisis events

As acknowledged in the Consultation Paper, FWC service providers have been crucial to supporting the national response to recurrent natural disasters, as well as many compounding macroeconomic trends including increased food insecurity and cost of living pressures in Australia in recent years.

Community organisations have established links and networks and are well placed to provide emergency relief and other support in times of crisis. However, as noted FWC programs are not specifically designed for disaster response efforts. Responding to crises often places extra strain on existing community resources, particularly where a disaster compounds existing hardship issues for people. The response and recovery period can stretch out to years, well beyond the defined “crisis” period, and requires ongoing FWC support and funds.

As a philanthropic funder, Ecstra has supported grantees working in financial capability to fill short term funding gaps, where alternative funding may not be available. This includes response and recovery grants in the Northern Rivers following devastating floods for community organisations to temporarily relocate, and rapid response grants to consumer organisations to help them pivot to remote service delivery during the increased demand period during the early lockdown period of the COVID 19 pandemic.

As noted by interviewed stakeholders in the Consultation, funding to meet the increased demand for service by people experiencing crisis events (such as natural disasters) should be *in addition to* existing FWC program funding, rather than drawing on existing allocations. Funding should be flexible and responsive, adopting best practice grant making principles as set out in our response to Focus area 6, below. Longer term Government investment is also needed for disaster “preparedness” and response and recovery services, allocated separately to FWC Activity funding.

We also support existing calls for a more structured and coordinated national approach to disaster funding for the community services sector, including recommendation 16 by ACOSS in its *A stronger, more diverse and independent community sector* submission, namely, the Federal Government should create:

- (a) a permanent enabling fund to complement the Disaster Ready Fund, so community services have core funding to improve preparedness and improve response and recovery due to disasters.
- b) a permanent flexible contingency fund within disaster recovery funding arrangements, so community services in affected disaster areas can replace equipment, support workforce constraints, and meet increased demand during disaster response and recovery efforts.

### Policies, frameworks and systemic issues impacting FWC clients and services

- a. Structural barriers to financial wellbeing and capability

Many significant structural and systems barriers exist to financial wellbeing and capability, which are outside the control of individuals and communities. These issues are more

pronounced for people experiencing disadvantage and for cohorts including migrant and refugee groups, victim-survivors of family and domestic violence and First Nations communities.

The Consultation Paper references Government priorities, frameworks and reforms that intersect with FWC programs and services. This includes frameworks that aim to track and address the structural drivers of disadvantage, such as The National Plan to End Violence against Women and Children 2022-2032 and the national wellbeing framework, Measuring What Matters.

Other policy areas that impact FWC clients and services which should be specifically acknowledged and addressed include financial services regulation and reform, income support policy, tax policy, and housing affordability and security.

The intersectionality of all health domains should also be acknowledged as financial wellbeing impacts many areas of everyday life, and is intrinsically linked to individual overall physical, mental and social health.

Access to economic resources, care and support is important to maintaining good physical health. Across almost all health measures, Australians living in the lowest socio-economic areas fare worse than those in higher socio-economic areas.<sup>1</sup> Further, poor physical health can be both a cause and consequence of financial and mental health challenges<sup>2</sup>.

People experiencing financial issues are also twice as likely to experience mental health challenges<sup>3</sup>. Conversely, there is a positive relationship between financial wellbeing and mental health, with each having cumulatively positive impacts on the other over time<sup>4</sup>.

#### b. National Financial Capability Strategy

The importance of financial capability is increasingly being acknowledged internationally, evidenced by over 70 countries and economies having developed and implemented national strategies for financial literacy<sup>5</sup>.

In Australia, the inaugural *National Financial Literacy Strategy* (the National Strategy)<sup>6</sup> was launched in 2011, led by the ASIC on behalf of the federal Government.

The fourth National Strategy was launched by Treasury in 2022, following a transfer of policy responsibility from ASIC. The Strategy's high level themes focused on individual consumer capability, with priority cohorts including young people, women, people in or near retirement and Aboriginal and Torres Strait Islander peoples. The National Financial Capability Evaluation and Monitoring Framework and National Financial Capability Survey were also released at this time to support the Strategy and to track and measure the impact of financial capability initiatives.

However, the National Strategy and supporting evaluation frameworks are not currently active and are not listed as relevant frameworks in the Consultation Paper. This contrasts starkly to international peers including G-20 and OECD countries where national level strategies and initiatives continue to be prioritised.

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<sup>1</sup> Australia Institute of Health and Wellbeing (2022), 'Health Across Socioeconomic Groups'.

<sup>2</sup> Heartward Strategic on behalf of ASIC and Beyond Blue (2022), 'Money and Mental Health. Social research report – executive summary'.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> OECD, 'Recommendation of the Council on Financial Literacy', OECD/LEGAL/0461 p3.

<sup>6</sup> In 2018 the strategy was renamed to the National Financial Capability Strategy.

A national, coordinated approach to building financial literacy, capability and wellbeing, led by Government, is crucial to driving improved outcomes for people and communities. We urge the Government to reactivate and lead the National Financial Capability Strategy to help address the urgent financial issues many Australian consumers face.

We refer to Ecstra's 2024-25 Pre-Budget submission for greater detail on this recommendation.

## **Focus area 2: Changing client needs**

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

#### Financial education and long-term financial wellbeing and resilience

The Consultation Paper states that the objective of the FWC Activity is to support "eligible individuals and families to navigate financial crises, build financial wellbeing, capability and resilience and thereby reduce the risk of financial and social exclusion and disadvantage." Financial education and literacy interventions are critical to achieving this objective.

As acknowledged in the Consultation Paper, evidence shows that financial literacy and education is an effective early intervention approach. Financial literacy's contribution to building long term resilience and wellbeing is also recognised by the OECD<sup>7</sup>.

Despite the efforts of a broad range of stakeholders focused on financial capability, financial literacy levels in Australia have fallen across all demographics, with 15-24 year olds faring the worst<sup>8</sup>. This is particularly concerning against a backdrop of cost-of-living pressure, more complex financial arrangements, growing wealth inequality and the proliferation of financial scams.

The financial literacy of young adults is particularly critical as financial habits formed in early adulthood are likely to persist<sup>9</sup> and financial behaviour has been shown to have a major impact on financial wellbeing.<sup>10</sup> Studies have established a correlation between low financial literacy and poor financial outcomes later in life<sup>11</sup>, and data shows money attitudes and unsound financial management practices are predictors of debt and financial problems amongst young Australians.<sup>12</sup>

Further, the Australian Council for Educational Research notes that providing young people with financial education is essential to help bridge disparities in financial literacy due to differences in students' socio-economic status and will potentially reduce differences in their future socio-economic status<sup>13</sup>.

<sup>7</sup> Department of Social Services (2023), 'Review of Financial Wellbeing and Capability Programs Consultation Paper' (page 21) and see also OECD, 'Recommendation of the Council on Financial Literacy', OECD/LEGAL/0461.

<sup>8</sup> Wilkins et al (2022) 'The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 20'. Melbourne Institute: Applied Economic & Social Research, University of Melbourne.

<sup>9</sup> Shim, Xiao, Barber, & Lyons (2009), 'Pathways to life success: A conceptual model of financial well-being for young adults'. Journal of Applied Developmental Psychology, 30(6), 708-723.

<sup>10</sup> ANZ (2021), Financial Wellbeing – A Survey of Adults in Australia.

<sup>11</sup> Lusardi & Mitchell (2009), 'How Ordinary Consumers Make Complex Economic Decisions: Financial Literacy and Retirement Readiness'. National Bureau of Economic Research Working Paper 15350.

<sup>12</sup> Dowling, Corney & Hoiles (2009), 'Financial management practices and money attitudes as determinants of financial problems and dissatisfaction in young male Australian workers', Journal of Financial Counseling and Planning, 20(2), 5-13.

<sup>13</sup> Thomson (2020), 'Equity issues in student financial literacy,' Teacher, 27 August 2020.

## Early intervention and prevention approaches

Ecstra strongly supports future Government FWC programs and grants funding targeted early intervention approaches, including financial literacy and education programs, for people most at risk of financial vulnerability. Given the correlation between financial literacy and financial outcomes it is critical that people and communities have access to financial capability support, early and across key life stages.

However, awareness of, and engagement with, financial education/literacy programs is often a challenge, particularly for people with complex and intersecting issues. Ecstra has sought to address these barriers by embedding programs into existing pathways and contextualising content, incorporating principles of co-design and lived experience to maximise impact (see also Focus area 3 below).

An example of an effective approach is Two Good's Work Work employment pathways program which provides victim survivors of family and domestic violence with paid employment in Two Good's catering business. Ecstra's multi year grant supports the employment pathways program to embed financial capability wrap around support including workshops on building financial knowledge and resilience, job readiness and interview skills. Providing financial capability workshops in employment training and work settings helps participants learn and apply skills in their own lives. Skills such as managing debt, reading payslips, and tax and superannuation basics help develop knowledge and encourage positive money behaviours.

Ecstra's free national education program for schools, Talk Money with Ecstra Foundation, was created to address the financial education gap in schools. Talk Money is evidence-based, curriculum aligned, age appropriate and delivered by external facilitators, making it easy for teachers to incorporate into lesson plans.

Our outcomes to date show that to be effective, money lessons should be practical, relevant and include real-life examples that reflect the diverse interests and challenges of students<sup>14</sup>. Talk Money workshops are highly interactive. Key concepts are illustrated and discussed through age appropriate scenario setting and small group decision making.

Targeted, tailored financial education and capability initiatives address the needs of specific consumer cohorts. For example, Australian Federation of Disability Organisation is currently piloting an accessible training course to overcome financial capability barriers and increase the knowledge and confidence of NDIS recipients and their supporters to self-manage their plans.

### **Focus area 3: Best practice service delivery**

***Have you experienced a high quality financial wellbeing and capability service and what did this look like?***

***How can the sector and the department better support organisations to provide wrap around services, and effective referral pathways for clients, particularly those with complex or multiple needs?***

Ecstra funds a range of community organisations delivering frontline services, including domestic and family violence support, financial counselling and community legal centres.

These organisations are delivering high quality financial wellbeing and capability services and initiatives as part of their service offerings. Common success factors in the funded projects include incorporating important principles of co-design and lived experience, co-

<sup>14</sup> Ecstra Foundation (2023), [Financial Education in schools: Talk Money with Ecstra Foundation Impact Report 2022](#)

location of services, evaluation/evidence based (see also Focus area 7 below) and community led/placed-based responses (see also Focus area 5 below).

### Co-design and lived experience

The use of co-design principles and embedding lived experience in structuring and delivery of FWC programs and initiatives is critical to delivering positive outcomes for people and communities. This is particularly important when seeking to maximise impact, including when working with migrant and refugee communities, First Nations partnerships and initiatives that address complex and intersecting issues.

Successful examples through Ecstra's grants program include the Women's Information and Referral Exchange's project. This applied an intersectional lens in the development of a suite of financial capability resources for women, non-binary and gender diverse people. The tailored resources were co-designed with groups with lived experience, including participants facing significant financial disadvantage, to ensure they effectively responded to participants' challenges, priorities and needs.

Women's Health in the North's (WHIN) award-winning Let's Talk Money program uses a bilingual, peer educator/trainer approach. WHIN recruits, employs, and improves the skills of women from diverse cultural backgrounds to deliver practical, tailored money management workshops to women in their own language and community in the Northern suburbs of Melbourne. Workshops that facilitate in-language discussion and resources are essential to ensure inclusion and to optimise understanding and impact of program learnings. Ecstra's funding has enabled the expansion and scaling of this impactful model.

Government funding arrangements of FWC programs should include specific funding provision to ensure community organisations are sufficiently resourced to embed lived experience in the design, delivery and review of services and support. Embedding the voice and insights of people with lived experience ensures community and user needs are at the centre of FWC programs and approach.

### Co-location and wrap around services

As acknowledged in the Consultation Paper, bringing services together can deliver great benefit and holistic support to people and communities. This approach involves co-locating multidisciplinary services and expertise to support people experiencing complex disadvantage, such as victim survivors of family and domestic violence.

Ecstra provides multi year grant funding to support WestJustice's [Restoring Financial Safety project](#), an integrated multi-disciplinary services partnership between WestJustice and McAuley Community Services. This service provides legal advice, financial counselling, support and advocacy for women who have experienced economic abuse and other forms of family violence. The impact evaluation data from the project demonstrates the benefits of such a service model.

Health Justice Australia's strategy is to embed legal help in community and healthcare settings through Health Justice Partnerships (HJPs). Financial stress and money issues are significant contributors to physical health and outcomes. Ecstra funded Health Justice Australia's recent research report [Health justice partnership and financial wellbeing](#). The report examined whether and how HJPs achieve financial wellbeing outcomes for their clients through working with financial counsellors, community workers in health and other multidisciplinary settings and the opportunities and constraints to addressing financial wellbeing through HJPs.



However, philanthropic and government grants are often awarded/directed to an individual applicant organisation seeking to pilot a new program or fund an existing in house service that requires ongoing funding to be sustainable.

The insights and learnings from Ecstra's Women's Economic Security Project (including Westjustice above) reinforces the significant benefits of providing sustainable funding for consortiums of organisations to co-locate their services and provide wrap around support<sup>15</sup>. Longer term committed funding from government and philanthropy would provide organisations with the certainty that structuring combined services will result in comprehensive and holistic support to people when they need it and remove barriers to accessing services/support.

#### Effective referral pathways

For people experiencing complex or multiple needs ensuring there are effective referral pathways is essential to ensuring a holistic approach is taken when providing support.

In addition to the co located service model outlined above, there are philanthropic and industry funded models that are improving referral pathways for people experiencing vulnerability that Government could consider.

Thriving Communities Partnership's (TCP) One Stop One Story Hub (OSOS Hub) is a leading cross-sector digital platform, connecting people to support programs and service providers, through a single entry point in a safe and secure way. For people experiencing vulnerability, this means: One Stop, One Story, removing the need to retell their story and relive trauma. A range of banks, telcos, service providers and funders are working with TCP to help scale the OSOS Hub, and with Ecstra's support TCP is undertaking ongoing evaluation, measurement and sharing of outcomes.

#### **Focus area 4: Workforce capacity and capability**

##### ***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?***

As highlighted by the Consultation Paper, workforce challenges are evident across the FWB sector due to factors including increasing complexity of FWB client needs, uncompetitive rates of pay relative to other sectors and occupational burnout. This is against a backdrop of increasing demand for services given on-going impacts of the pandemic, a series of natural disasters and the cost of living crisis. Attracting and retaining staff is a common issue.

There are a number of measures Government FWC grant funding arrangements could incorporate to help facilitate greater workforce capacity and capability.

#### Fund headcount costs

Government FWC grant funding arrangements should cover specific headcount costs. Specialist positions are often not funded via grants as they are seen as 'business as usual'. However, roles in areas such as marketing, IT and legal build the internal capacity of organisations to deliver on their mission. Many of Ecstra's grants explicitly fund headcount cost – budgeted positions to deliver on a specific project, as well as percentage estimates of management time.

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<sup>15</sup> For further information, see [Women's Economic Security Project: Ecstra Foundation 2023 Impact Report](#)

### Adjust funding for increases in service demand

Funding arrangements should also respond to increases in demand. Mechanisms for funding adjustments – including for staffing costs - could be included particularly where sharp increases in demand for services occurs, for example in response to extreme weather events.

### Invest in training and development

Government funding arrangements should factor in costs associated with maintaining or developing required professional skills within FWC partners. Often viewed as a non-core service activity, training falls out of the scope of many projects.

Specific support could be offered associated with relevant professional development/training or costs associated with maintaining professional accreditation.

Organisations providing specialist training for community workers offer upskilling opportunities, and also aim to reduce the strain on existing referral pathways. Ecstra grants have supported professional training on navigating social security system issues with Centrelink for social workers (Welfare Rights Centre), front line rural workers (Basic Rights Queensland) and identifying and addressing Elder abuse (Queensland Seniors Rights Centre).

Victim survivors of family and domestic violence often face complex financial challenges and debts incurred as part of the abuse. Direct Government investment in areas where there is unmet demand, such as for more family violence specialist financial counsellors to support victims of domestic and economic abuse would provide an immediate community benefit. Organisations such as the Centre for Women's Economic Safety's Money Clinics is addressing this important gap and relies on philanthropic support to run the service. Money Clinics provide independent, factual financial information in a one-on-one session with a qualified, female, financial specialist who is violence and trauma informed. The clinics are available in person and online.

We note and welcome the recent Industry Funding Model for Financial Counselling which will help address this issue, however funding constraints will still exist.

### Remunerate for expertise and advisory activities

The sector plays an important role in identifying emerging issues and informing the Government's response through its participation in various Government advisory, taskforce and consultative groups. Sector representatives should be remunerated for their time and expertise as members of such groups. Some Government agencies/departments provide sector members sitting fees and travel costs in recognition of the time commitment, expertise and additional responsibilities required by membership. This approach should be applied consistently and transparently.

## **Focus area 5: Placed-based approaches**

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

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

Ecstra strongly supports FWC Activity grants funding place-based approaches.

We fund a range of place based approaches that understand local community needs, provide critical support when and where needed, and are often already providing holistic services in their community. These projects incorporate the voices and insights of people with lived experience, putting community and user needs at the centre of the approach.

Grant partners often cite awareness of programs, trust/recognition of service providers, and travel costs and time as barriers to participation in FWC programs. Given their strong ties to local communities and their deep understanding of local needs, place-based responses have the advantage of overcoming many of these barriers. Place-based responses are also more readily able to reflect and respond to the lived experience of their participants, ensuring FWC programs are relatable, relevant, and impactful.

Ecstra's partnership with Community Foundations Australia provided funding for 10 communities across Australia to design place-based approaches to address economic inequality and exclusion. This included Bass Coast Community Foundation who developed a profile of financial vulnerability across the Bass Coast community to better direct services. Fleurieu Community Foundation developed a financial wellbeing and goal setting program using accredited counsellors. The project was convened by Community Foundations Australia, and the [Impact Report](#) illustrates the many opportunities to work with diverse partners at a local level.

Ecstra's [Women's Economic Security Project](#) includes grant partnerships with not for profit organisations leveraging their knowledge and links to local communities to tackle workplace participation for women facing barriers to mainstream employment. These organisations are creating training and employment opportunities to build economic security and providing financial capability support. This includes Multicultural Youth SA (MYSA), who work with young migrant and refugee women in South Australia. Through their events based social enterprise, MYSA provides participants with their crucial first job, helping them develop a range of transferable skills and provides access to wrap-around financial capability support.

Placed-based organisations are also increasingly essential to the Australia's response to natural disasters and emergencies. These organisations provide emergency relief and support to impacted communities. As outlined above, specific investment is needed to ensure community organisations in areas impacted by severe weather events are adequately resourced to prepare and respond to natural disasters.

## **Focus area 6: Future funding arrangements**

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

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

Ecstra strongly supports more sustainable and flexible Government FWC grants funding.

Through our work of funding over 130 grants partners focused on financial capability and wellbeing, we identify the following areas for enhancement.

### Operating and indirect costs

Direct and indirect costs of community organisation service delivery is often not fully funded by government and philanthropy in grant arrangements. Many organisations report underfunding of indirect costs in funding agreements<sup>16</sup>.

Ecstra's grantees commonly identify underfunding of essential areas such as impact evaluation, IT and cybersecurity, marketing, legal and human resources.

Maintaining, upgrading, and staff resourcing for effective and essential IT infrastructure is an ongoing and increasing challenge for many of our grant partners. Infxchange's 2023 report

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<sup>16</sup> Social Ventures Australia and the Centre for Social Impact (2022) 'Paying what it takes: funding indirect costs to create long-term impact'. Social Ventures Australia.

on digital technology in the not for profit sector revealed that urgent action is needed across the sector to improve cyber security and digital technology planning<sup>17</sup>.

For community organisations to run efficiently and effectively, investment in indirect costs is essential. Community organisations that spend less on indirect costs are not necessarily more efficient or effective<sup>18</sup>. In fact, research suggests that spending insufficient resources on indirect costs can potentially reduce effectiveness<sup>19</sup>.

To reflect the actual cost of delivering quality services, government funding arrangements should include appropriate provision for costs such as impact evaluation, IT and cybersecurity, marketing, legal and human resources. If the grant requires grantees to expend resources and costs to meet specified grant requirements, these should also be explicitly provided for.

#### Flexibility is essential in a complex operating environment

Greater flexibility in funding terms can help reduce inefficient use of resources and excessive reporting on deliverables.

Sufficient flexibility enables community organisations to redirect resources to respond to community needs and adjust priorities and program/ delivery approaches accordingly. This includes adapting project timelines, amending deliverables under the grant agreement and restructuring the allocation of funding within a grant in discussion with partners.

As outlined above, funding also needs to respond to increases in service demand with mechanisms for adjustment, where applicable.

#### Longer grant agreement terms

Longer grant agreement terms for Government grants would be welcomed by community and philanthropic organisations. A grant strategy that includes both longer multi-year and short-term grants can be effective in driving positive outcomes and measuring impact over time, as well as ensuring new players have access to grant opportunities to grow and encourage innovation.

Ecstra's many multi-year commitments provide partners with the funding security to plan longer project cycles, with time and space to develop and scale sustainable and effective approaches. Longer term, multi-year funding:

- provides the certainty needed to enable capacity building, staff recruitment, development and project planning
- enables community organisations to respond to emerging issues and opportunities and direct resources to where they are most needed
- can help reduce administrative burdens for both funder and grantee by reducing the application and renewal process
- can encourage innovation by providing for new and alternative approaches to be tested alongside existing programs, where appropriate.

Multi-year funding arrangements can also support the development of a trusted partnership, with more open and robust communication channels and sharing of outcomes. Importantly,

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<sup>17</sup> Infoxchange (2023) *Digital Technology in the Not-for-Profit Sector*.

<sup>18</sup> Social Ventures Australia and the Centre for Social Impact (2022) *Paying what it takes: funding indirect costs to create long-term impact*. Social Ventures Australia.

<sup>19</sup> Ibid.

this enables greater exploration of 'what works' and 'what doesn't', facilitating a better understanding of how to drive change.

Transparency and ensuring a diverse range of community organisations have equitable access to participate in grant funding programs is essential.

### **Focus area 7: Improved outcomes and data**

***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?***

#### Draft FWC Outcomes Framework

Ecstra welcomes the development of the draft Outcomes Framework and FWC Activity Program Logic.

Through our financial capability work and grant making, we observe that community organisations often face a range of evaluation and impact measurement barriers<sup>20</sup>. This includes cost, time, resourcing and capacity constraints, as well as lack of access to outcomes planning tools and methodology, especially with regards to selecting appropriate measures for financial wellbeing.

An investment by Government in shared measurement frameworks, guidance resources and tools helps remove barriers to outcomes measurement. Developing shared measurement frameworks that identify clear outcomes and measurement methodology enables a common approach to measuring impact, ensuring greater consistency, and improving data quality and capture to better understand the impact of initiatives.

The Consultation Paper notes the draft Outcomes Framework is at an initial development stage and measures to track progress towards outcomes will also be developed. We recommend further consultation with the sector on the draft Outcomes, indicators and measures be undertaken as these are developed. Ecstra would welcome the opportunity to share insights and learnings from the development and implementation of [Ecstra's Outcomes Tool](#) and associated measures across our grants.

Our initial comments on the draft Outcomes Framework and FWC Activity Program Logic are:

- Existing Government FWC outcomes measurement work includes Treasury's 2022 National Financial Capability Evaluation and Monitoring Framework, a resource for community organisations and other stakeholders working in financial capability to effectively measure and share their outcomes and impact. This work should be leveraged as part of the current draft Outcomes Framework and FWC Activity Program Logic development.
- The Wellbeing domain should include specific reference to financial wellbeing in addition to physical and mental health/wellbeing.
- Given the many workforce, resourcing and capability challenges faced by the sector, the Outcomes Framework and FWC Activity Program Logic model should include outcomes and measures that track progress in those areas. For example, Ecstra's Outcomes Tool and impact framework includes outcomes relating to the availability of flexible and sufficient funding to build capacity and invest in resources.

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<sup>20</sup> For an overview of impact measurement challenges faced by both funders and grantees identified during the development of Ecstra's framework see: [Building a sector-wide approach to measuring impact](#)

- Philanthropic organisations play an active role in the FWC sector through funding, research and collaboration. They should be reflected in the list of stakeholders in the FWC Activity Logic model.
- We note reference to the FWC Outcomes Framework aligning with broader Government commitments including the Measuring What Matters Framework and we anticipate that the indicators under the 'secure' theme (also highlighted in the Consultation Paper) will be incorporated as the FWC Outcomes Framework indicators and measures are developed.
- As outlined above, there are many systemic and structural issues that drive FWC outcomes and some reference to/acknowledgement of these should be reflected in the Framework and FWC Activity Program Logic.

### Outcome measurement costs

Measuring and reporting outcomes creates new operation and service costs for community organisations. These costs are rarely fully met by funders.

Ecstra builds funding support into our grants to assist with impact measurement and evaluation. Grant partners also have access to our self-guided [Outcomes Tool](#), which includes a template theory of change and an outcomes/indicator bank, with suggested survey questions and inbuilt flexibility to suit the needs of the grant partner.

More substantial grants may involve specific provision for an external evaluation, whilst integrating our financial capability/wellbeing indicators as part of their reporting to help maintain consistency in measurement approach.

Government FWC grants funding should include specific costing provision for data collection, evaluation of programs and outcomes sharing. Providing access to quality evaluation tools such as the draft Outcomes Framework and funding internal resourcing will ensure community organisations have the necessary capability to undertake effective evaluation, build evidence bases and share the outcomes of their work. Funding should be flexible enough to support organisations to partner with third party experts or intermediaries for support where appropriate.

Ecstra welcomes the opportunity to engage with DSS, Government and stakeholders as the FWC Activity program review and draft Outcomes Framework is progressed and to discuss the observations and recommendations in our submission.

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