

Social Return on Investment
forecast of the Indigenous Money
Mentor Program

National Australia Bank

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Report

Report preparation

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Executive Summary

This report presents the results of a Social Return on Investment (SROI) forecast undertaken on National Australia Bank's (NAB) annual investment in the Indigenous Money Mentor (IMM) program. The IMM program is a NAB initiative under their Reconciliation Action Plan (RAP) aimed at building the financial capacity of Indigenous people, by providing face to face practical financial support and options to people on low incomes and facilitating access to microfinance products where appropriate. The IMM network was launched in 2009 in a number of communities with high Indigenous populations.

NAB's prime objectives in commissioning this project were to achieve an independent assessment of the potential of the IMM model in addressing gaps in the provision of financial assistance and support, and to forecast the social value created. Positive indications in both cases would provide a strong case to Government for adopting the model, and ensuring a broader extension of the service.

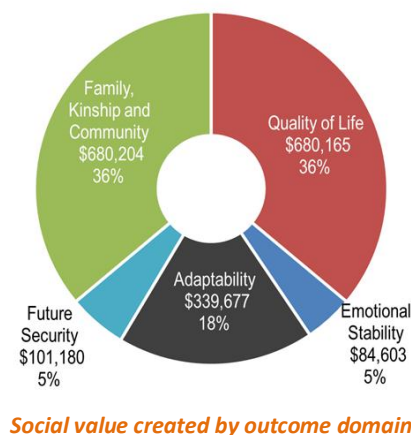
The Social Return on Investment (SROI) methodology was used to forecast the social impact of the IMM program. SROI is an internationally recognised approach for understanding and measuring the impacts of a program or organisation from the perspective of material stakeholders. A monetary figure is then used as a proxy to represent the value of outcomes experienced by stakeholders. This SROI forecast is based on a typical year of funding with IMM operations at three distinct geographic locations across Australia.¹

Social outcomes for IMM clients were identified through extensive stakeholder engagement on site at IMM locations and an analysis of existing best-practice financial capability and wellbeing frameworks. The resulting ratio has been modelled based on primary data collection from clients through customized surveys to evidence social outcomes articulated by IMM clients during the interview stages.

From an annual investment of **\$448,000**, it is forecasted that **\$1.89 million** will be created in social value over the course of one year of operation at three IMM locations. The SROI forecast of the IMM program has been presented both as a single figure and as a range to account for a varying degree of assumptions in modelling the social value. For every dollar that is invested in the IMM program, it is calculated that:

**As a single ratio: \$4.20 in social value is created, and
As a range: between \$3.40 and \$5.00 of social value is created.²**

The figure below shows the distribution of social value across the five identified outcome domains:



¹ Alice Springs, Kununurra and Western Sydney

² Figures are based on varying the most sensitive parameters of the SROI model (financial proxies used to value standard of living, improved family relationships and improved confidence outcomes) by 25%. Further aspects of the model were adjusted and tested for sensitivity and are shown in the sensitivity analysis section.

The key findings and highlights of the report are summarised below.

This SROI forecast was based on direct consultation with IMMs across 3 locations, conducting interviews with approximately 30 stakeholders and collecting primary survey data from 72 clients.

- *2 main material stakeholder groups, clients and families were identified; with the client group being made up of 8 sub-stakeholder groups³ for whom social value was created through the IMM program.*
- *Sub-stakeholder groups that consisted of unemployed clients had the greatest diversity of issues that were discussed during consultations.*
- *Budgeting was rarely the driver or main issue behind client visits. Instead, the need for budgeting was identified during the consultation with IMMs in response to identifying other areas of financial disadvantage.*

Aided by best practice frameworks to understand social value creation, 11 social outcomes were identified as experienced by the material stakeholders to varying degrees. These were grouped into 5 outcome domains as depicted below. It should be noted that whilst many of the social outcomes are qualitatively similar (e.g. empowerment and independence) these have not been applied to the same stakeholders but to those stakeholders that for which they are most relevant. For example, job performance is only relevant to those stakeholders that are in work. The authors are therefore confident

IMM Outcome framework domain	Social Outcomes
Quality of life	Improved standard of living
Emotional Stability	Increased peace of mind
Adaptability	Increased empowerment
	Increased independence
	Increased confidence
	Increased resilience
Future Security	Increased financial security
	Improved job performance
	Increased employability
Family, Kinship and Community	Improved family relationships
	Increased opportunities for children

Survey results

- *Pensioners and Long term unemployed indicated that the majority of outcomes they experienced would not have been possible had it not been for the IMM program.*
- *The opposite applied to employed stakeholders who had stated that the IMM program was only part of the reason behind them being able to achieve their outcomes.*
- *Single employed clients tended to experience greater outcome achievement levels than partnered clients possibly stemming from the fact that partnered clients would have access to larger support networks.*

Analysis of results

³1) Aged Pensioners, 2) Disability Support Pensioners and Long Term Unemployed with no children, 3) Long Term unemployed with children, 4) Underemployed and Recently Unemployed, 5) Single and employed with no children, 6) Single employed parents 7) Employed and partnered with no children, and 8) Employed and partnered with children

- *The SROI analysis forecasts a positive social return for the IMM program. The program could potentially address the gaps in financial services provision for Indigenous communities.*
- *These gaps in financial services suitable for Indigenous communities were identified in both an overview of issues and during the stakeholder engagement, which indicates that the IMM network has been designed appropriately for the target client-base.*
- *Nearly two-thirds of the forecasted social value is split between two sub-stakeholder groups (Family and Disability Support pensioners + Long term unemployed with no children.)*
- *Of the employed clients, those that are parents potentially gain more social value than those without children under their active care. This is linked to the increased peace of mind that flows from knowing that they are working towards a better position for their families.*
- *Improved standard of living and improved family relationships are the most significant outcomes that IMM clients receive (36% each) reiterating the flow-on benefits of improved financial capabilities for an individual.*
- *The SROI model forecasted relatively low value being delivered in terms of employability, job performance and future financial security which echoed the feedback received during stakeholder interviews.*
- *The areas that represent the largest proportion of social value created fall into the IMM outcome framework domains (Quality of Life, Adaptability and Family/Kinship/Community) that best illustrate the intended impact of the IMM program of “improving the wellbeing of Indigenous communities by developing the financial capability of individuals.”*
- *The fact that social value has been forecasted for outcomes related to future security and emotional wellbeing demonstrates that by addressing the core focus of financial capability, the IMM can indirectly and positively begin to influence the emotional wellbeing and financial security of clients.*

Sensitivity analysis

- *Targeting groups such as the Long term unemployed with no children, Disability support pensioners, Underemployed / Recently unemployed and Single employed parents will likely yield greater social value based on the change in ratio (up to 7.4) when doubling their numbers relative to others.*
- *If the requirements on NAB employees to manage the IMM program decrease over time through partners or because of operational efficiency, it can increase the social return to 4.7.*
- *The standard of living, increased confidence and improved family relationships proxies were the most sensitive to changes in the model. Targeting these outcome areas can result in considerably larger social returns in the long run.*

Success factors

- *The IMM program is a **targeted indigenous community-specific program** run by mentors with **significant knowledge and experience** with indigenous customs, behaviours and needs, many of whom are from the community themselves.*
- *The experience and reputation of the IMM is a key factor in **clients trusting the service***
- *IMMs in different locations run their service utilising an **operational model that is most suited to the community** in which they work.*
- *The **accreditation of IMM as financial counsellors** is the most important contributor to the success of the IMM program.*
- *As financial counsellors, IMM are essentially a “**one-stop-shop**” for clients as they provide options, devise solutions and directly help implement actions.*

- Clients are often **drawn to the IMM**s due to the **microcredit offerings** (NILS⁴, StepUP⁵ etc.) Where loan applications are not successful, it usually represents the first time that a client's attention has been drawn to various other financial issues they have been unaware of thus acting as an **early intervention service** in many cases.
- All the IMM's in the program often go out of their way to assist clients with various issues such as; accompanying clients to obtain loans and products, contacting other service providers on their behalf, conducting community outreach services and running workshops off-site.
- All of the above play a critical role in building **relationships based on trust** between the IMM's and their clients, an aspect of prime importance to Indigenous communities.

Recommendations

- Consider training additional local support staff to support IMM's in order to meet a growing demand for the service. Locally trained staff can additionally help overcome language, and access barriers in communities.
- Provide regular financial counselling sessions off-site at community centres in order to reach clients who face transport barriers.
- Results of stakeholder engagement revealed that where the IMM service is only available to clients of the host organisation, there is scope to open the service to anyone residing in the local area
- Embed outcome-focused data collection into the current client database in order to provide an ongoing evidence base to ensure continued community and government support of the IMM network.
- Collect longitudinal data from a statistically significant sample of IMM clients to better determine change in outcomes over time. Longitudinal data also allows better estimation of sustainability of outcomes over time by providing better benefit period and drop off data.
- Consider establishing a control group to gather counterfactual data to use as benchmarks for deadweight calculations in the SROI model. The current method of gathering this data from clients is limited due to the difficulty in clients assessing "what could have happened" in different circumstances.
- Conduct more extensive stakeholder engagement to determine if there are any tangible financial outcomes such as cost savings or credit-worthiness as a result of increasing financial capacity and providing microcredit and collect appropriate data to evidence these outcomes if appropriate

⁴NILS is a community-based program offering applicants on a low income no interest loans to the value of up to \$1,200 for essential household goods and services.

⁵StepUP Loans are a not-for-profit loan developed by NAB and Good Shepherd Microfinance. These personal, unsecured loans are between \$800 and \$3000 for individuals and families living on a low income and are offered at a basic interest rate of 3.99%p.a.

Section 1 - Introduction

This section provides a background to the IMM network and the scope and approach employed in this SROI forecast which includes a stakeholder engagement and data collection summary.

The NAB Indigenous Money Mentor Network

Through their Reconciliation Action Plan (RAP), National Australia Bank (NAB) aims to address Indigenous disadvantage through four key areas: promoting financial inclusion; building access to real jobs; building business partnerships and raising awareness among NAB staff of Indigenous Australians and their culture.

NAB aspires to promote financial inclusion through the Indigenous Money Mentor (IMM) network as they believe many Indigenous people on low incomes are often financially marginalised, due to specific cultural and geographic challenges. As a result of such challenges, it is often difficult for Indigenous people to access culturally appropriate financial literacy information and assistance with money management issues.

The IMM network was launched in 2009 across a number of communities⁶ with high Indigenous populations, in the belief that these challenges can be significantly reduced when face-to-face support is made more accessible. IMM's are financial counsellors with an indigenous Australian background or with extensive experience working with Indigenous populations. They are hosted in community organisations to work with clients one-on-one, as well as undertake community visits and outreach work to assist local Indigenous people to develop their financial literacy skills and resolve issues to improve their financial wellbeing. There are currently located in:

- Alice Springs, at Anglicare NT
- Western Sydney, at Muru Mittigar Aboriginal Cultural and Education Centre
- Kununurra, at Wunan
- NSW state-wide position, at New South Wales Aboriginal Land Council (NSWALC)

The primary functions of the IMM network are to:

- 1) Provide ongoing financial literacy education for Aboriginal and Torres Strait Islander communities using culturally appropriate materials and education techniques.
- 2) Engage in casework with clients to improve the clients' financial wellbeing (including assistance when in financial crisis and supporting the client to adopt preventative strategies).
- 3) Provide a supported referral service to help clients obtain assistance from other service providers to address broader issues which may be impacting on a clients' financial

⁶ Alice Springs, Lismore, Western Sydney, Mackay, Melbourne, New South Wales Aboriginal Land Council (Parramatta, NSW), Darwin and Kununurra

wellbeing (e.g. consumer protection agencies, health, housing, employment and education services).

- 4) Provide access to microfinance products (No Interest Loans Scheme (NILS), StepUP Loans and AddsUP Savings Program) in appropriate circumstances where the client identifies that such products will improve their financial wellbeing.

All of the above play a part in addressing the identified causes of financial disadvantage as discussed in Section 2. However, the two most unique attributes of the IMM service delivery model is the customised approach of service provision in each location in which the money mentors operate and their knowledge of indigenous cultural customs and practice. Appendix A provides profiles that demonstrate the unique aspects of IMM operations in locations that were considered for this report.

Service delivery model

Although funded and supported by NAB's Indigenous Finance & Development business unit, IMMs work independently in their community partner organisation. NAB enters into formal Alliance Agreements with community partners on an annual basis and adopts an evidence based approach to track program performance, with IMMs capturing information on client/community visits in an online data and reporting system.

After one year of full NAB funding, host community organisations are required to seek co-funding, usually from the government sector, to ensure the program's sustainability and allow NAB to reinvest in new IMM locations. Therefore, the partnerships between NAB, Government and community organisations are critical to the successful delivery of the program.

Also critical is NAB's partnership with Good Shepherd Microfinance, community agencies and Government to develop microfinance solutions. This includes a NAB capital investment of more than \$130 million to support the following programs: No Interest Loan Scheme (NILS), StepUp loans, AddsUp savings and Microenterprise loans.

Alongside these services, FAHCSIA's Money Management Branch aims to provide on-the-ground financial literacy education in remote areas with high Indigenous populations, especially those under income management. In addition, Good Shepherd Microfinance commenced work in 2012 to expand its microfinance programs into remote Indigenous communities, also jointly funded by NAB and FAHCSIA. Hence, there is some overlap in the delivery and funding of these programs as well as their approaches to addressing financial disadvantage.⁷

⁷ The relationship and overlap between these programs in terms of developing financial capability is presented in Figure 3 on page 23

Social Return on Investment

The Social Return on Investment (SROI) methodology was used to understand the social impact of the IMM program on the people with whom the IMMs work and communities in which they work.

SROI is an internationally recognised approach for understanding and measuring the impacts of a program or organisation. It looks at what changes for key stakeholders, from the perspective of these stakeholders.

Using the SROI approach, it is possible to forecast the ‘impact’ of activities, rather than simply measuring the delivery of activities or outputs (such as “number of counselling sessions” or “number of loans issued”). It also enables organisations to get a better understanding of the processes that affect their stakeholders, by identifying the links between activities and impacts.

Once impacts have been identified, a monetary value is used to represent the outcomes experienced by stakeholders. The value of the outcomes can be compared to the investment required to generate the outcomes, providing an indication of cost effectiveness. SROI thus puts social and environmental impact into a language which is widely understood by investors and decision makers.

Please refer to Appendix B for further information about the SROI methodology and an explanation of key terms.

Scope and approach of this SROI forecast

This SROI has been modelled to forecast the social value created by the IMM program in a typical year of operations. It is based on an analysis of the current model of service delivery and qualitative stakeholder engagement with IMMs and clients, and primary data collected through a survey of present clients in three distinct geographic areas. The ratio is based on budgeted input costs (both cash and in-kind) for delivering the program during a typical year at three locations (Alice Springs⁸, Western Sydney⁹ and Kununurra¹⁰) and input from various stakeholders involved in the IMM program at various times since its inception.

A typical year of funding includes;

- the salary, management fees and operating costs for each IMM location,
- travel and training for the IMM network
- Database improvement and maintenance
- NAB management costs (including salary and on-costs)

⁸ Hosted at Anglicare

⁹ Hosted at Muru Mittigar Community Finance Hub

¹⁰ Hosted at Wunan Foundation

Stakeholders

The stakeholders of the IMM program were identified in consultation with the IMM program steering group¹¹ set up for this project. Only those stakeholder groups deemed material, following discussions with the IMM program steering group and interviews with a selection of stakeholders, have been included in the SROI calculation.

The following initial list of stakeholders of the IMM program was identified prior to the materiality decision:

- 1) Clients
- 2) Clients' families
- 3) Wider Indigenous communities
- 4) Indigenous Money Mentors
- 5) IMM host organisations
- 6) NAB
- 7) NAB employees involved in IMM program

The material stakeholders that were identified as gaining significant social value were:

- 1) Clients of the IMM service, and
- 2) Clients' families

Further detail on the stakeholders and materiality determination is presented in Section 3 and Appendix C.

Stakeholder engagement summary

Due to the confidential and personal nature of the issues being presented by clients, it was deemed inappropriate to conduct focus groups as a primary method of stakeholder engagement. 27 stakeholders were interviewed through one –on-one interviews at three locations as part of the qualitative stakeholder engagement component of this SROI:

Alice Springs (18th, 19th February) – 6 interviews

Western Sydney (20th, 21st February) – 12 interviews

Kununurra (25th, 26th March) – 9 interviews

¹¹ The steering group included: **NAB staff** (Glen Brennan, Sandra Capponi, Corinne Proske, Lisa Thiedman), **IMMs** (Eric Neil, Graham Smith, Cherie McAdam), **FaHCSIA** (Kim Mc'Ilveen, Randall Pieterse, Paula Mance) **Good Shepherd Microfinance** (Anton Mischewski, Kay Davis, Michelle Crawford)

Data collection summary

Bespoke surveys were administered by IMM to 72 randomly selected IMM clients in order to evidence the changes that were identified during the stakeholder engagement process. Collecting data from a large proportion of IMM clients was challenging due to the difficulty in locating past clients. The data collected for the purposes of this SROI forecast is deemed sufficient to forecast the social value created by a year of IMM program operations. NAB intends to embed SROI processes into their data collection in the future in order to have more data available for demonstrating the social value created through future analyses.

This project was conducted between January and August 2013.

Considering the varied IMM operational models at different sites it was essential to engage with a number of stakeholders in order to determine the range of outcomes for clients and gain a better understanding of the context in which the service was being offered.

Section 2 – Overview on financial disadvantage amongst Indigenous Australians

The following section presents an overview of the state of financial disadvantage amongst Indigenous Australians. The content in this section is intended to help understand the multitude of causes and effects associated with this issue. The literature sourced is a combination of academic research, government publications and corporate reports.

Financial literacy and exclusion amongst Indigenous Australians

In a study of the policy challenges arising from the socio-economic status of Indigenous families, Daly and Smith identify the economic burden suffered by many Indigenous families and the key indicators of social disadvantages that lie behind that result¹². An investigation into financial literacy in Indigenous communities also confirmed that factors such as poor education and lack of job opportunities contribute to poor money management skills among Indigenous Australians¹³. Low incomes, lack of basic literacy and numeracy, language difficulties and the complexity of dealing with financial institutions were all cited as contributing factors.

In a broader study, the National Aboriginal and Torres Strait Islander Social Survey (NATSISS)¹⁴ identified that Indigenous Australians continue to suffer higher levels of financial stress than the general population.

Additionally, a specific study was carried out by Gerrans et al¹⁵ that attempted to investigate financial literacy and knowledge of indigenous Australians living in an urban environment and draw comparisons to that of a sample drawn from the general population. Key findings were that:

- In many areas, financial knowledge is significantly weaker for this group than that in the general population, such that a closing of the financial literacy gap is required.
- Knowledge of superannuation is poor compared to the general population and respondents' comments suggested a high level of cynicism about a system which is seen as inappropriate for their needs.
- There is a high level of desire for financial education and information in almost all the suggested areas but a lower level of usage of potential sources of financial information.
- This is combined with a much higher reliance on family and friends in times of financial hardship.

The results of the Gerrans et al¹⁶ study suggested that there are still areas of significant need for financial education among urban Indigenous Australians. Areas of misunderstanding mean that

¹²(Daly & Smith, Policy challenges of the contemporary socio-economic status of Indigenous Australian families, 1996)

¹³(Daly & Preece, An investigation of financial literacy in six indigenous communities, 2009)

¹⁴(Australian Bureau of Statistics, 2008)

¹⁵(Gerrans, Clark-Murphy, & Truscott, Financial Literacy and Superannuation Awareness of Indigenous Australians: Pilot Study Results 2009)

they may be exposed to a higher level of financial disadvantage and poor financial decisions than the general population.

The majority of respondents to the Gerrans et al¹⁷ study were employed and all were living in an urban environment, therefore it is possible that their financial literacy may be better than those living in more remote communities. However, it is also recognised that living in an urban environment and/or being employed does not necessarily mean that Indigenous people do not act and think in traditional or customary ways regarding the management of money¹⁸.

Unfortunately, the most recent publications on financial exclusion for the Indigenous community do not show signs of the issues being addressed. According to the 2012 “Measuring Financial Exclusion in Australia” report by the Centre for Social Impact, 43.1% of Indigenous people are either severely or fully excluded compared to the National average of 17.2%¹⁹. The authors have defined severely and fully excluded as meaning that adults have access to one or no financial service products, respectively. This report also highlights the difference between Indigenous and non-Indigenous use of fringe lenders and Centrelink advances where the reliance on non-mainstream credit to raise emergency finances is a cause for concern.

Financial stress and emotional wellbeing

Much has been written about the links between poverty and physical health as recognised by the Human Rights and Equal Opportunity Commission in *Closing the Gap*²⁰. Much less has been written about the links between financial status and mental health²¹.

Whilst limited research exists on the direct relationship between financial stress and emotional wellbeing in relation to Aboriginal and Torres Strait Islander people, there is literature which has started to make a range of connections between financial stress and mental health more generally²². In a recent report for Financial Counselling Australia, the Faculty of Medicine, Nursing and Health Sciences at Monash University carried out research into the relationship between financial stress and health, finding that:

“Financial stress has its origins ... in social, cultural and regulatory factors. ... Financial stress appears to be often associated not just with socio-economic disadvantage, but also with what, in a public health context, might be termed co-morbidities – mental health issues, including anxiety and depression, and with broader issues of social exclusion”²³.

¹⁶ ibid

¹⁷(Gerrans, Clark-Murphy, & Truscott, 2009)

¹⁸ ibid

¹⁹(Connolly, Georgouras, & Hems, 2012)

²⁰(Closing the Gap - Prime Minister's Report 2013, 2013)

²¹(Loban, 2011)

²²(Loban, 2011)

²³(Livingston et al, 2010)

The research finds an important link between financial stress and health. It notes the role that social-economic and cultural factors play in the risk of financial stress as well as the social justice aspects of public health²⁴. All of these findings bear strongly on Aboriginal and Torres Strait Islander people given the underpinnings and framework of *Closing the Gap*²⁵.

In addition to findings about the risk factors for financial stress, the research by Livingston et al identifies particular harms that can arise out of circumstances of financial stress. Harms coming out of financial stress included ‘drug and alcohol use... inadequate nourishment, effects on mental and physical health, and relationship issues including domestic violence’²⁶. These findings are similar to related literature that notes that in extreme situations financial stress can contribute to substance abuse, relationship problems and family violence²⁷. In a study by Marks²⁸, financial stress was found to be over two times higher in Indigenous people than in non-Indigenous people²⁹. Marks³⁰ also found that Aboriginal and Torres Strait Islander identification was a significant risk factor for financial stress. Therefore, the risk of financial hardship and the subsequent stress it brings is greater for particular sectors of the community, especially Indigenous people.

There has also been research that starts to make connections between financial stress and emotional wellbeing for Aboriginal and Torres Strait Islander people³¹. The 2009 report of the Australian Institute of Health and Welfare titled *Measuring the social and emotional wellbeing of Aboriginal and Torres Strait Islander people* states that financial stress is used as a variable in the *National Aboriginal and Torres Strait Islander Health Survey* and in its own research to measure wellbeing³². This survey found that ‘there was a clear relationship between psychological distress and financial stress’.

As stated earlier, the research by Livingstone et al found that social and cultural factors are risk factors for financial stress. Their research specifically states that:

“Such factors appear to predispose some consumers to financial exploitation, and to create conditions in which exploitative products can be offered. This is compounded by a lack of confidence or expertise on the part of many consumers in negotiating what is frequently perceived to be a complex and daunting formal financial services system – making disadvantaged consumers more likely to pursue apparently more accessible, but often very high cost, alternatives.”³³

In addition, research has found that issues such as financial literacy and an individual’s knowledge of their rights, or positive actions they can take, can contribute to financial stress (Loban, 2011).

²⁴ ibid

²⁵(Loban, 2011)

²⁶(Livingston et al, 2010)

²⁷(Wesley Mission, 2006)

²⁸(Marks, 2007)

²⁹(Loban, 2011)

³⁰(Marks, 2007)

³¹(Loban, 2011)

³²(Australian Institute of Health and Welfare, 2009)

³³(Livingston et al, 2010)

The concept of financial exclusion is also seen as a contributing factor to financial stress with such exclusion occurring in relation to Indigenous people (Livingston et al, 2010). Some of the issues for Indigenous consumers are:

- cultural differences, such as language
- limited financial literacy
- lack of commercial experience
- limited awareness of legal rights in consumer law
- lack of access to a range of products and services and market competition (relevant in respect of remote communities).

While these issues are likely to apply to a range of other consumers, such as newly arrived migrants, it is clear that financial stress has a disproportionate impact on Indigenous communities. Various studies have suggested that there are still areas of significant need for financial education among Indigenous Australians and this is borne out by recent statistics which show that the state of financial exclusion is more than double amongst the Indigenous population, when compared to Australia as a whole³⁴, and financial stress is over two times higher in Indigenous people than in non-Indigenous people³⁵.

The issues outlined in this section reveal that Indigenous communities face financial disadvantage due to various factors that lead not only to furthering the negative spiral of socio-economic decline but also has serious repercussions on Indigenous wellbeing and mental health. The latest report on the state of financial exclusion does not provide evidence that the plight of this section of the Australian population is improving suggesting context-specific and culturally appropriate services are required.

³⁴(Connolly, Georgouras, & Hems, 2012)

³⁵(Marks, 2007)

Section 3 - Stakeholders Identification

This section provides a closer look at the stakeholders for whom social value is created through their involvement with the IMM and lists the most common causes of financial disadvantage presented by clients, and issues discussed during consultations. The breakdown of the primary causes of client visits and main issues are also discussed.

Stakeholders

The stakeholders of the IMM program were identified in consultation with the steering group set up for this project. Based on the input provided by the steering group and interviews conducted with a selection of stakeholders, material stakeholders of the IMM program were identified. Only those stakeholder groups deemed material have been included in the SROI calculation. All considered stakeholders of the IMM program, the rationale for the selection of the material stakeholders and the criteria of including categorising clients into the relevant groups from the existing IMM database are presented in Appendix C.

In SROI, a stakeholder is deemed 'material' if sufficient social value, in the context of the total social value created by the IMM program, has been created for that stakeholder to merit their inclusion in the analysis. The aim is to focus the theory of change on those changes which are most significant and which merit being included in the lengthy data collection and modelling process.

The material stakeholders of the IMM program are IMM clients and clients' families.

Due to differences in the circumstances of various types of clients and the outcomes which accrue to them, each stakeholder group has been broken down into sub-stakeholder groups and the outcomes they receive have also been segmented accordingly to distinguish between the various outcomes and to avoid any possible double-counting of the social value. These sub-stakeholders are described in Table 1.

Table 1: Material stakeholders of the IMM program

Sub-takeholder group	Description
Clients	
Aged pensioner	Aged pensioners are generally aged over 55 and are on fixed Centrelink payments. They are unlikely to be in any employment and generally budget quite well with limited income. Aged pensioners are both male and female and may have some assets.
Disability support pensioner and Long-term unemployed with no children under active care	Disability support pensioners (DSP) are people who are permanently blind or assessed as having a physical, intellectual or psychiatric impairment which restricts them from working. DSPs can be any age and gender, receive fixed Centrelink payments and are unlikely to have any assets. Long term unemployed are people who have been out of work for an extended period (5+ years) or have never been employed. They can also be any age and gender and are unlikely to have assets.

Long-term Unemployed – single or partnered with children	Long term unemployed are people who have been out of work for an extended period (5+ years) or have never been employed. They can also be any age and gender and are unlikely to have assets. For this category stakeholder however, the clients in this group have dependants under their active care
Underemployed / Recently Unemployed	This group includes both those working in casual or part-time roles but are actively seeking more work to supplement their income and the recently unemployed. The group also includes clients that have been out of work for 18 months or less. They have shifted from receiving paid income to a Newstart allowance. They are looking to resume employment and require support to transition to their reduced income. Recently unemployed people may have assets and are likely to be under the age of 50.
Full time Employed – single with no children	This group includes all adults that are in full-time employment, receiving no Centrelink benefits. They have no dependents and are not partnered. They can be either male or female and generally aged under 50.
Full time Employed – single parent	This group includes all adults that are in full-time employment and have one or more children under their care. They do not receive Centrelink benefits and are likely to be females under the age of 50.
Full time Employed -partnered with no children	This group includes all adults that are in full-time employment that are partnered without children. They do not receive Centrelink benefits and can be any gender and are generally aged under 50.
Full time Employed – partnered with children	This group includes all adults that are in full-time employment, partnered and have one or more children under their care. They do not receive Centrelink benefits and can be any gender and generally aged under 50.
Families	
Clients’ families	This group includes the immediate family (partners and children) of IMM clients

What is addressed?

The sub-stakeholders listed above visit the IMM for assistance for a very broad range of issues. In many cases, there are multiple issues being faced by a client that are brought forth and in other cases, the application for a NILS loan opens up the door to their financial history which often reveals a multitude of unaddressed issues that require tackling before the client can be eligible for a NILS loan. Very often these clients do not receive loans, but rather work with IMM on improving other aspects of their financial situation. Table 2 lists a) the most common reasons for clients approaching the IMM service, and b) the most prominent issues discussed during consultations

Table 2: Common reasons for client visits and issues discussed

Reasons prompting visit to an IMM
Pressure from creditors
Loss of employment
Looking for a loan
Housing
Transport needs

Utility (gas/electricity/water) disconnection
Dispute with bank
Dispute with bill
Centrelink Issue
Main issues discussed with the IMM during consultations
Budgeting
Information on banking products/services
Fines
Microcredit (e.g. NLS)
Insurance
Superannuation
Referral services (e.g. legal, health, housing)
Loans
Centrelink
Consolidating debt

Figures 1a shows the breakdown of the primary causes for all client visits over the past year and 1b illustrates the type of causes broken down by sub-stakeholder group.

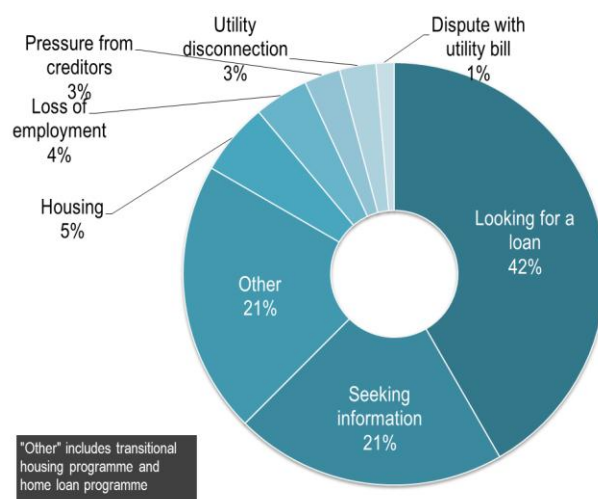


Figure 1a: Breakdown of causes (all clients)

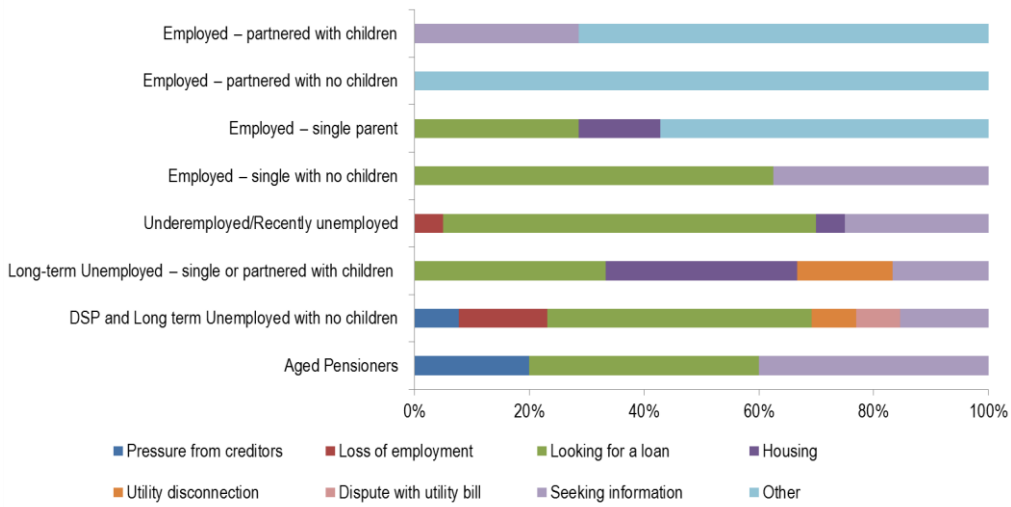


Figure 1b: Breakdown of causes by sub-stakeholder group

Figures 2a shows the breakdown of the primary issues discussed during IMM consultations for all client visits over the past year and 2b illustrates the issues broken down by sub-stakeholder group.

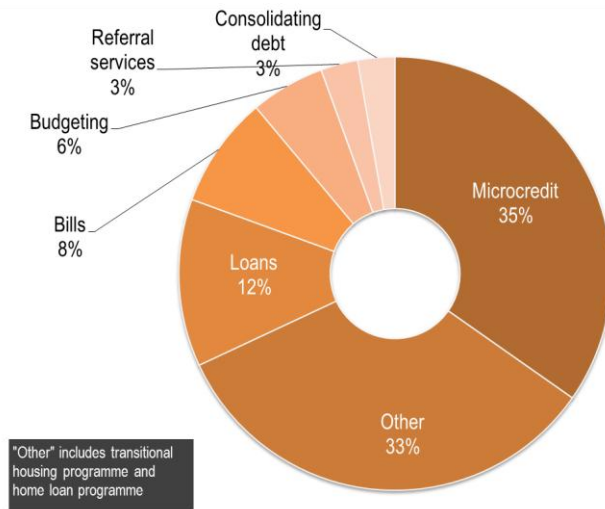


Figure 2a: Breakdown of issues (all clients)

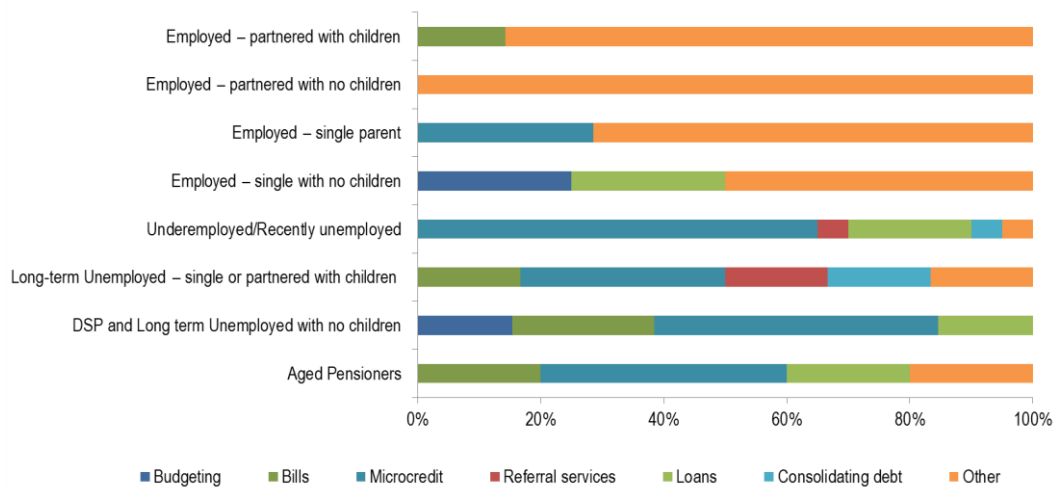


Figure 2b: Breakdown of issues by sub-stakeholder group

Analysis of results

- As discussed previously in the report, microcredit and loan opportunities are the main drivers behind the client’s visits to the IMM. They are also the topic of the main issues discussed during consultations.
- It was mentioned by clients that they preferred the IMM Service over other financial support services due to IMM’s ability to assist directly with various requests, rather than refer them to other services. This appears to be borne out in the data collection by the relatively high percentage of clients seeking information (21%) and the relatively low percentage of referrals (3%).
- It is important to note that budgeting was rarely the driver or main issue behind client visits. Instead, the need for budgeting was identified during the consultation with IMM in response to identifying other areas of financial disadvantage.
- When looked at by sub-stakeholder group, requiring a loan (microcredit, home loans, Transitional Housing program) was the primary issue for the majority of clients
- In the case of employed clients, the graphs depict that a majority of the issues addressed are to do with the "Other category." This is due to the fact that a high proportion of survey responses for this group were collected from Kununurra where the IMM service is a part of the transitional housing program assisting clients to get home loans.
- Overall, unemployed client groups (including aged pensioners) were faced with and discussed a wider range of issues with the IMM than those employed.

The IMM client base consists of a diverse group representing multiple demographics. This is reflected in the range of causes and issues for which they are driven to seek the IMM’s help. The analysis of client responses reveals that microcredit and loan opportunities were one of the main

causes of client visits. While the prospect of loans seem to be the key driver of visits, the IMMIs are not only able to help clients with their credit requirements, but where appropriate use it as a starting point to uncover and discuss various other issues relating to their financial position. As a result, many of the resultant outcomes that will be discussed in the theory of change focus on psychological wellbeing stemming from improved relationships with the concept of money and ability to navigate the financial system.

Section 4 - The theory of change

This section outlines the steps that were taken in determining the Theory of Change for the IMM program. In determining the Theory of Change, various best-practice wellbeing and financial capability frameworks were considered to help formulate a project-specific IMM Outcome framework. The resulting framework facilitated the understanding and categorisation of the outcomes of the IMM network. This section also presents selected case studies of IMM clients.

What is a theory of change?

SROI is based on the theory of change. This is a description of how inputs are used to deliver activities which, in turn, result in outcomes (changes) for each stakeholder. The theory of change tells the story of how stakeholders are involved with the IMM program and their perception and belief of how their lives or organisations have changed as a result.

Interviews were conducted with stakeholders to formally establish the theory of change. As stated earlier, in addition to IMM and steering group members, 27 stakeholders were interviewed in person across all three locations as part of the qualitative stakeholder engagement component of this SROI. All of the interviews - with the clients and representatives of the host organisations - were conducted in person, one on one. This allowed us to get a first-hand perspective on the types of change that clients have been able to make in their lives as a result of the IMM intervention. Additionally, conversations with host organisation staff gave us third-party perspectives on the changes that they had seen in clients. This was especially relevant at Muru Mittigar (NSW) where employees were also clients of the IMM that was hosted at Muru Mittigar. A comprehensive account of case studies and quotes from stakeholder engagement is included in Appendix D.

The overview provided in Section 2 identified that financial disadvantage and personal wellbeing were inter-related on multiple levels. This was strongly evident during stakeholder engagement where the majority of, if not all, the clients referred to a positive improvement in various non-financial aspects of their lives. There has already been a significant amount of work done in formulating frameworks to understand both financial capability and personal wellbeing. We thus incorporated the relevant elements of various best-practice frameworks to arrive at a contextually appropriate Indigenous Money Mentor outcome framework based on stakeholder engagement and the core IMM program purpose of **“improving the wellbeing of Indigenous communities by developing the financial capability of individuals.”**

Indigenous Money Mentor outcome framework

Financial capability

A successful financial education program targets improvements in financial capability, by promoting literacy and facilitating behaviour change³⁶, where;

- Financial literacy is defined as the ability to make informed judgements and to make effective decisions regarding the use and management of money³⁷.
- Financial capability is considered to be the interaction of an individual’s financial knowledge, skills and behaviours. It must also be understood in a broader socio-economic context of having appropriate financial information and supports, a non-exploitative market, an emergency buffer and an adequate income³⁸.

Financial education programs therefore should provide an understanding of concepts related to personal money management (knowledge) and techniques (skills), which can then be translated into attitudes and behaviour changes (behaviour) that enable individuals to establish a an outcome of having a positive relationship with the concept of money. Underlying this conceptual framework is the notion of ‘choice’ and the progression for individuals from understanding that they have choices, identifying appropriate choices and ultimately making a choice in relation to their finances³⁹. Choice in the context of IMM clients doesn’t only refer to choosing between various financial products, rather knowing they have the choice to positively change the role money plays in their everyday life and how it contributes to their psychological wellbeing. Figure 3 presents a diagrammatic representation of the components of a successful financial education program and how a combination of Knowledge, Skills and Behavioural Change combine to produce successful outcomes for stakeholders.

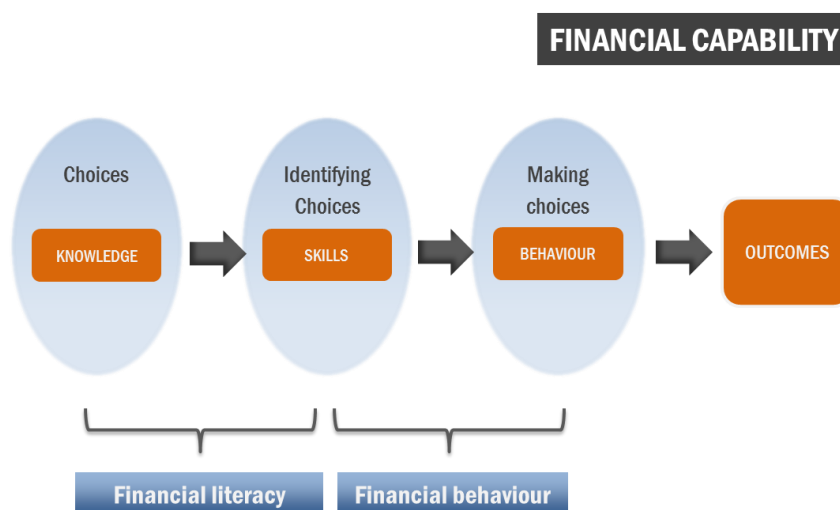


Figure 3: Financial Capability continuum (Source: Net Balance)

³⁶ (Good Shepherd Microfinance, 2013)

³⁷ (Australian Government, 2007)

³⁸ (Good Shepherd Microfinance, 2013)

³⁹ (Good Shepherd Microfinance, 2013)

We briefly discuss the role of various service providers who contribute to the advancement of individual financial capability along the continuum below.

- As part of its broad suite of services under the Financial Management Program, the Money Management Service⁴⁰ is provided by FaHCSIA with the aim of providing practical and essential support to help people build capability to manage their money better and build resilience. People in financial stress or in crisis situations will be referred to financial counsellors and/or emergency relief as well as other support services. Within the financial capability continuum identified, the Money Management Workers increase clients' awareness of their situation, build their skills to identify issues and choices, and make behavioural changes. Some Money Management Workers are trained financial counsellors and the service works through established relationships with other financial management service providers.
- The IMMs provide similar awareness raising and skill building support to enable behaviour change for clients. They are often the only point of contact for clients, thereby limiting the number of service providers to whom clients have to reveal their issues. This meant that clients were able to establish a personal relationship with their respective mentors, beyond the financial aspects.
- Financial advisers can help clients who have already established good personal money management practices and want to make the most of the money through investment products. Neither Money Management Workers nor the Money Mentors touch on this area as the level of financial capability of target clients tends to be fairly low.

When we apply the results of stakeholder engagement within the financial capability framework, the following literacy and behavioural changes were identified as depicted in Figure 4.

⁴⁰<http://www.fahcsia.gov.au/our-responsibilities/indigenous-australians/programs-services/jobs-money-business/money-management-information-education>

ACTIVITIES	FINANCIAL CAPABILITY	
	LITERACY	BEHAVIOUR
Budgets	Budgeting techniques Budgeting strategies	Identify areas to cut spending Change spending habits Keep track of expenditure
Introduce financial terminology	Awareness of potential types of debt Awareness of bank statement details	Review bank statements regularly to track expenses
Provision of information on banking products and services	Different types of bank accounts Credit card requirements Utilise telephone banking Utilise internet banking Efficient use of ATM functions Automatic payments	Utilise automatic payments Utilise multiple bank accounts Open savings account Open transaction account Open term deposit Identify appropriate options Cease unnecessary direct debit payments Easily keep track of expenses at all times Avoid unnecessary bank charges Awareness of rights and responsibilities when using credit card
Provision of financial advice from a fellow Indigenous person Provision of financial advice from a person with significant experience and knowledge of indigenous culture Dealing with cultural obligations	Understanding how money choices affect others (families & communities)	Avoid having possession of too much money at once
Understanding insurance	Identify appropriate Insurance products (Life, Health, Car, Income protection)	Assign beneficiaries
Locating superannuation	Awareness of value of superannuation usage	Pool all superannuation into one account
Referral services (health, housing, legal)	Available financial assistance options (financial counsellors vs advisors)	Identify appropriate options
Review credit reports/Centrelink statements/bank statements	Awareness of potential types of debt Awareness of bank statement details	Identify outstanding debt Identify outstanding fines Enter into repayment contracts Sell assets if required Declare bankruptcy when appropriate Review bank statements regularly to track expenses Cease unnecessary direct debit payments Set up automatic payment deductions (Centrelink)
Issue NILS loan	Awareness of serviceability requirements	Work towards meeting loan requirements
Assistance with home loan	Banking products Awareness of contract details Awareness of serviceability requirements	Work towards meeting loan requirements

Figure 4: Changes in Financial Capabilities in IMM clients

Personal Wellbeing

‘Wellbeing’ is a broad term which encompasses a number of concepts that have been thoroughly investigated in existing literature. A number of frameworks have been developed globally and within Australia to understand, represent and measure wellbeing in various contexts and three of these were considered:

nef’s National Accounts of Wellbeing

The National Accounts of Wellbeing⁴¹ consider ‘Personal wellbeing’ to comprise five main components, which are broken down further into subcomponents, and ‘Social wellbeing’ to comprise two components

Personal wellbeing

- Emotional wellbeing
- Satisfying life
- Vitality
- Resilience and self esteem
- Positive functioning

Social wellbeing

- Supportive relationships
- Trust and belonging

This framework was developed to understand subjective wellbeing at an individual level and facilitate comparison between nations in a European context. As such, the language and concepts are not directly transferrable to the Australian Indigenous experience. The framework is an example of international best practice, however, and provides a reference point when considering more appropriate wellbeing frameworks.

Australian Unity Wellbeing Index

Launched in 2001, the Australian Unity Wellbeing Index⁴² is the leading and most comprehensive measure of wellbeing in Australia. It is a subjective measure that rates Australians’ satisfaction with various aspects of their personal and national life through a Personal Wellbeing Index and National Wellbeing Index. The Personal Wellbeing Index is made up of the following eight elements:

- Health
- Personal Relationships
- Personal Safety
- Standard of Living

⁴¹<http://www.nationalaccountsofwellbeing.org/>

⁴²<http://www.australianunity.com.au/about-us/wellbeing/auwbi>

- Achievements in Life
- Community Connectedness
- Future Security
- Spirituality/religion

While not directly comparable with the National Accounts of Wellbeing framework, the Australian Unity Personal Wellbeing Index reveals a broad overlap in concepts and offers an Australian-specific example of best practice.

Australian Bureau of Statistics (ABS) Indigenous Wellbeing Framework

The ABS Indigenous Wellbeing Framework⁴³ was developed in 2010 through consideration of Australian and international research in this sphere and consultation with Indigenous researchers and stakeholders. The framework lists nine domains for Indigenous Wellbeing:

- Culture, heritage and leisure
- Family, kinship and community
- Health
- Education, learning and skills
- Customary, voluntary and paid work
- Income and economic resources
- Housing, infrastructure and services
- Law and justice
- Citizenship and governance

The framework was developed to recognise the subjective and complex nature of wellbeing, which consists of multiple domains that interact with each other. It offers a broad, holistic approach to understand the wellbeing of Indigenous people.

The Indigenous Money Mentor Outcome Framework

For the purposes of this project, these three frameworks have been adapted into an “**Indigenous Money Mentor Outcome Framework**” which is appropriate to the IMM context. This means restricting the focus towards concepts which are relevant to a financial literacy and capability encapsulating 5 outcome domains.

The elements from other frameworks that have been excluded are not considered material outcomes for this project or the IMM program. Their exclusion is not a judgement on their importance to the wellbeing of Indigenous people; it is solely a reflection of the scope and context of this project.

⁴³<http://www.abs.gov.au/ausstats/abs@.nsf/mf/4703.0>

The IMM Outcome Framework is depicted in Figure 5, with Table 3 providing a description of the outcomes and their context with regard to the IMM program

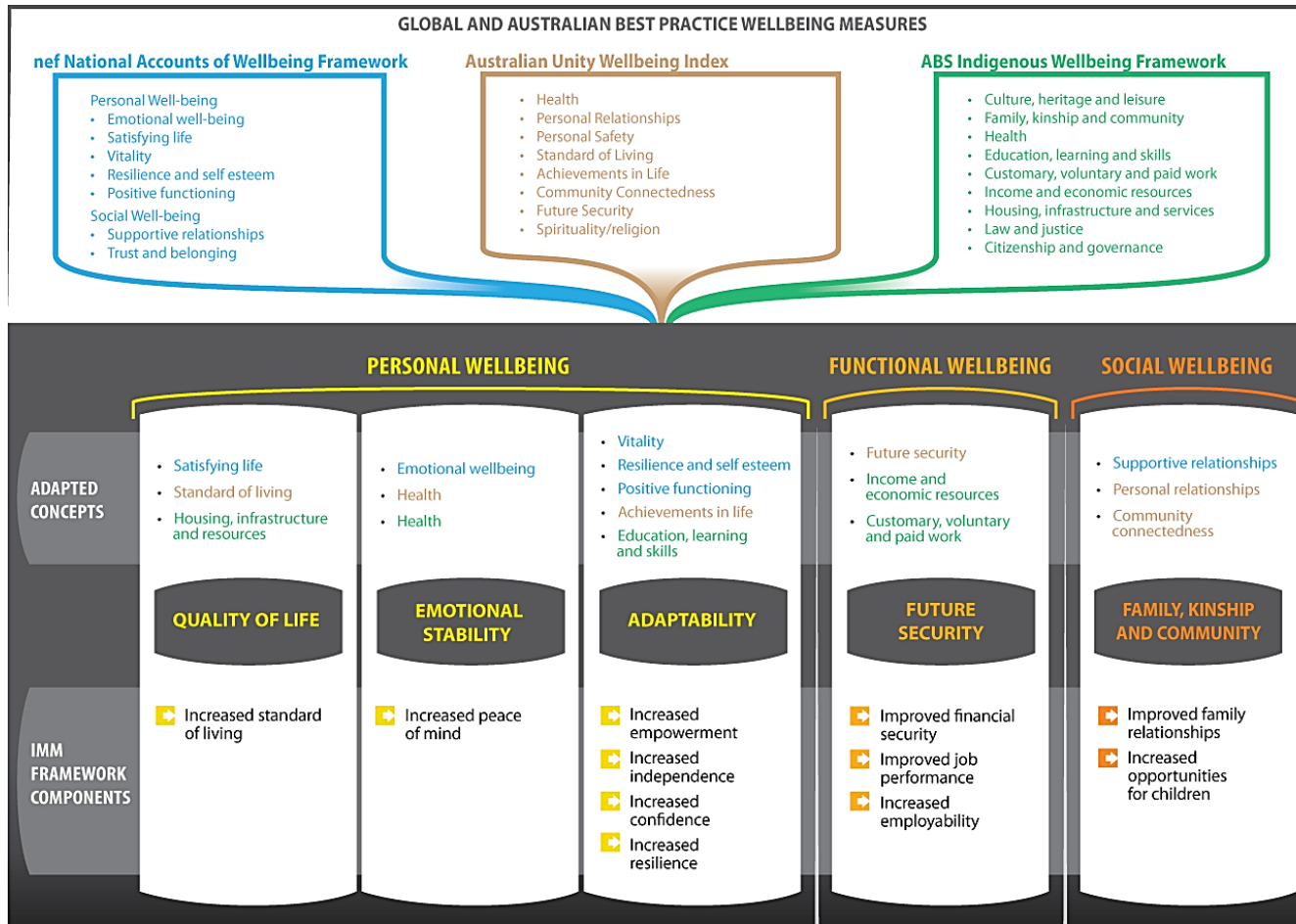


Figure 5: IMM Outcome Framework (Source: Net Balance)

Table 3: Outcome definitions

Outcome domain	Outcome description	Interview quotes
Quality of life	<i>Increased standard of living</i>	<p><i>“Getting a NILS loan for a washing machine helped me go from a bit of strife to being well set now” - Client</i></p> <p><i>“Being able to go into a store and buy and own their own white good, e.g. a fridge, makes them feel like normal human beings.”- IMM</i></p>
	<p>Clients experience an increase in their standard of living when they experience a material improvement in their quality of life. A change in standard of living is experienced by all clients of the IMM program. This improvement is achieved by being able to purchase both necessities and ‘luxury’ goods, through either the provision of a loan or through the increased purchasing power gained through an increase in savings and/or reduction in unnecessary expenditure.</p>	
Emotional stability	<i>Increased peace of mind</i>	<p><i>“I was living paycheque to paycheque. That’s just how I always lived. Now I always have some money left and I can provide for my daughter.”- Client</i></p> <p><i>“I can sit freely and not be thinking about money issues all the time, worrying about payments due” - Client</i></p>
	<p>Clients experience an increase in their peace of mind either through a reduction in their mental distress over either their own situation or their family’s outlook. This outcome is linked solely to the stabilising effect of IMM assistance on clients’ emotional state of mind. For recently unemployed people, the assistance provided by IMMs allows them to manage their loss of employment and know that there is support available to get them back on their feet. For parents, the financial education provided by IMMs allows them to work towards improving their family’s outlook for the future and this provides the client with peace of mind.</p>	
Adaptability – the increased ability of an individual to respond to changing circumstance and this has various facets, including empowerment, independence, confidence and resilience. Each of these facets more closely	<i>Increased empowerment</i>	<p><i>“I can set bigger goals, have more confidence and feel more pride as an Aboriginal person who can buy his own house.” - Client</i></p> <p><i>“I’m able to say ‘no’ more now because I am focused on goals and purchasing what I really want and need”- Client</i></p>
	<p>Clients experience an increase in their level of empowerment by building their capacity to make their own choices and transform these choices into desired actions. A change in empowerment is experienced by an employed people without children. By better understanding the financial system, increasing their sense of self-worth and establishing a routine in their lives, it is posited that employed people are better able to set and pursue their goals.</p>	
	<i>Increased independence</i>	

captures the change for specific stakeholder groups.	<p>Clients experience an increase in their level of independence by increasing their knowledge, building their capacity to exercise control over decisions and make choices in daily life activities. For the purposes of the IMM program, a change in independence is assigned to disability support pensioners and long term unemployed. By better understanding the financial system and decreasing their level of frustration, it is posited that this stakeholder group is able to become better informed and become more independent with their decisions and actions.</p>	<p><i>“I set up my own budget to ensure that I know what’s happening with my money”</i></p>
	<p><i>Increased confidence</i></p>	
	<p>Clients experience an increase in their level of confidence by increasing their level of self-belief, establishing control over their lives and recognising the potential to accomplish future goals. For the purposes of the IMM program, a change in confidence is assigned to underemployed clients. By better understanding the financial system, decreasing their level of frustration, increasing their sense of self worth and establishing a routine in their lives, it is posited that this stakeholder group is able to understand their situation, take control over their lives and focus on the future.</p>	<p><i>“The IMM has taught me how to be disciplined with money. Now I buy food in bulk so that my lifestyle is more in control.” - Client</i></p>
<p><i>Increased resilience</i></p>		
Future security	<p>Clients experience an increase in their level of resilience by developing their capacity to deal with stressors and thrive through adverse circumstances. For the purposes of the IMM program, a change in resilience is assigned to all clients with children, including employed single and partnered parents, as well as parents on benefits. By being able to consistently meet their household’s needs and expectations, establishing a routine in their lives, understanding the financial system and experiencing less frustration, it is posited that parents are better able to deal with unexpected challenges and provide for their family into the future.</p>	<p><i>“If I have food for 7 days and someone asks for some, I now say no because then my kids will go hungry tomorrow. Instead I tell them that they too can learn to budget and plan their food.” - Client</i></p> <p><i>“Previously, I couldn’t cope with so many issues. Thanks to the IMM, I am more confident of dealing with my own issues in the future” - Client</i></p>
<p><i>Improved financial security</i></p>		

	<p>Clients experience an improvement in their financial security when they have sufficient income and resources to support a standard of living into the foreseeable future and help create economic self-reliance. For the purposes of the IMM program, a change in financial security is assigned solely to employed people as they are most likely to have an asset or income base upon which to build. By improving their budgeting, increasing their awareness of banking products and services and working towards meeting personal and home loan requirements, it is posited that employed people are able to establish a 'positive' relationship with money, secure long term housing tenure and feel safe for their (and their family's) financial future.</p>	<p><i>"I've worked full time since leaving school and I couldn't even afford a \$100 phone. Now I have money in the bank, which alone is proof that the IMM has helped me." - Client</i></p> <p><i>"Before I used to live week to week but with IMM's help, I now go fortnight to fortnight" - Client</i></p>
<p><i>Improved job performance</i></p>		
	<p>Clients experience an improvement in their job performance when they are better able to focus on work and less stressed about financial matters. For the purposes of the IMM program, a change in job performance is assigned solely to employed people. By working with IMM's to understand their financial position, enter into appropriate debt repayment schedules, and better manage their money, it is posited that people are able to spend less time worried about financial issues and improve their productivity.</p>	<p><i>"By working with IMM, staff have been able to 'free up their minds' and worry about one less thing. They were so used to always having to put out spot fires that they did not even consider pursuing growth and development but now they are actively looking for training opportunities and how they can progress their careers" - Community organisation representative</i></p> <p><i>"I was struggling to cope and I would've lost it with no help. Now [with the IMM's help], I have my mind back on my job and work." - Client</i></p>
<p><i>Increased employability</i></p>		
	<p>Clients experience an increase in their employability when they have their life under control, are able to focus on employment opportunities and have access to support. For the purposes of the IMM program, a change in employability is assigned solely to underemployed people. By working with IMM's to better manage their money and identify/access relevant support services, it is posited that recently unemployed people are better placed to both seek out employment opportunities and appeal to potential employers.</p>	<p><i>"The IMM helps people keep their cars or purchase a computer which can help them be more mobile or work from home, which improves their employment prospects" - Community organisation representative</i></p>
<p>Family, Kinship and</p>	<p><i>Improved family relationships</i></p>	

<p>community</p>	<p>Through the activities that clients undertake with IMMs and the changes it allows them to make, they and their families experience an improvement in their relationship. For the purposes of the IMM program, this outcome is assigned to families though clearly the benefits from improved family relationships accrue to both clients and their families. By working with IMMs to better manage their money, understand how their money choices affect their families/communities and obtain loans, it is posited that families' needs and expectations are met or exceeded, there is less household/family tension and family members are able to enjoy more quality time together.</p>	<p><i>“One of the outcomes of people getting help through the IMM program is that they are better able to take care of their families and communities because it’s easier to help someone when you don’t have a problem yourself.” - Community organisation representative</i></p> <p><i>“Without the IMM’s help, I think I wouldn’t have my house and I would’ve been divorced.” - Client</i></p>
<p><i>Increased opportunities for children</i></p>		
	<p>Through the activities that clients undertake with IMMs and the changes it allows them to make, they are able to act as role models and increase their family’s future security, which will provide better opportunities for their children. This outcome is linked with the ‘increased peace of mind’ outcome that parents experience from knowing that they have improved their family’s outlook. Here, the benefits of this outcome accrue to the children of clients who have the immediate benefit of living in a household with fewer financial difficulties but also the future benefits of exposure to budgeting/planning, having their needs met consistently, being able to attend school regularly, and a more secure financial future.</p>	<p><i>“Things have changed at home. My kids are now more interested in being sociable as before they had no money to do anything and just wanted to stay at home and watch TV.” – Client</i></p> <p><i>“As a result of working with IMMs, people were happier and it was more likely that their kids would go to school because if there’s no lunch money to give them, parents won’t send kids to school.” – Community organisation representative</i></p>

Combined with the behavioural changes identified in clients’ financial capabilities, and outcome pathways identified in the IMM outcome framework, we have been able to arrive at a theory of change for the material stakeholders of the IMM program. The theory of change is presented as a chain of events that ultimately lead to various long term outcomes identified in the IMM outcome framework.

Each material stakeholder experiences a different set of outcomes based on the changes that were articulated during interviews. Figure 6 depicts the Theory of Change for one sub-stakeholder. The theories of change for the others are presented in Appendix E.

STAKEHOLDER GROUP	ACTIVITIES	FINANCIAL CAPABILITY		INTERMEDIATE OUTCOMES	FINAL OUTCOMES
		LITERACY	BEHAVIOUR		
Employed – Single with children	Budgets	Budgeting techniques Budgeting strategies	Identify areas to cut spending Change spending habits Keep track of expenditure	Increased comfort Ability to afford "luxury" goods Ability to purchase own white goods (vs renting) Ability to afford children's school necessities Primary needs met to run household	INCREASED STANDARD OF LIVING
	Introduce financial terminology	Awareness of potential types of debt Awareness of bank statement details	Review bank statements regularly to track expenses		
	Provision of information on banking products and services	Different types of bank accounts Credit Card requirements Utilise telephone banking Utilise internet banking Efficient use of ATM functions Automatic payments	Utilise automatic payments Utilise multiple bank accounts Open savings account Open transaction account Open Term Deposit Identify appropriate options Cease unnecessary direct debit payments Easily keep track of expenses at all times Avoid unnecessary bank charges Awareness of rights and responsibilities when using credit card	Consistently able to meet children's needs Decreased pressure to feed family at all costs Decreased frustration Ability to focus on more important things in life Understanding the formal financial system Take control of life Establish routine in their lives Genuinely say no to requests from relatives Avert humbug without being disrespectful	INCREASED RESILIENCE
	Provision of financial advice from a fellow Indigenous person Provision of financial advice from a person with significant experience and knowledge of indigenous culture Dealing with cultural obligations	Understanding how money choices affect others (families & communities)	Avoid having possession of too much money at once		
	Understanding insurance	Identify appropriate Insurance products (Life, Health, Car, Income protection)	Assign beneficiaries		
	Locating superannuation	Awareness of value of superannuation usage	Pool all superannuation into one account	Establish a "positive" relationship with money in the future Feel safe for the future Ability to secure long term housing tenure Improve their serviceability	INCREASED FINANCIAL SECURITY
	Referral services (health, housing, legal)	Available Financial assistance options (financial counsellors vs advisors)	Identify appropriate options		
	Review credit reports/Creditlink statements/bank statements	Awareness of potential types of debt Awareness of bank statement Details	Identify outstanding debt Identify outstanding fines Enter into repayment contracts Sell assets if required Declare bankruptcy when appropriate Review bank statements regularly to track expenses Cease unnecessary direct debit payments Set up automatic payment deductions	Reduced stress Ability to focus at work	IMPROVED JOB PERFORMANCE
	Issue NILS loan	Awareness of serviceability requirements	Work towards meeting loan requirements		
	Assistance with home loan	Banking products Awareness of contract details Awareness of serviceability requirements	Work towards meeting loan requirements		

Figure 6: Example Theory of change for one sub-stakeholder (Single employed client with child)

The following are selected case studies of IMM clients that demonstrate the range of pathways through which the IMM has had an impact in their lives

Name: Jackie	Quotes
<p>Jackie was adopted out at 14 and had to leave her home state of South Australia as a result of criminal issues. Today she is a single parent of 5 and feels happy living in Alice. Jackie first heard about the IMM service through other Indigenous groups, and since has received Eric's help in obtaining and successfully repaying 2 NILS loans, first for a washing machine and then for a whipper-snipper. The whipper-snipper helped make her self-sufficient and also allowed her to help other people and earn some extra money. Jackie has had problems with money in the past, and has really struggled with savings and budgeting. Jackie feels Eric helped her by teaching her about budgeting and planning and she believes she is much more in control of her money now that Eric helped sign her up to Centrepay. Having Eric believe in her has made a huge difference, and she is now self-sufficient and hasn't had to come back since she got her whipper-snipper. Now she works, has an ABN and wants her son to follow in her path and make himself self-sufficient. Other organisations have helped her in her journey towards greater independence, but now she wants to move forward and be self-sufficient so she doesn't receive help from these organisations any longer, but is grateful that Eric helped her to do that.</p>	<p>"If I have food for 7 days and someone asks for some, I now say no because then my kids will go hungry tomorrow. Instead I tell them that they too can learn to budget and plan their food"</p> <p>"Without Eric's help the last 3 years would have been a real struggle"</p> <p>"I'm planning for tomorrow now, not living day by day"</p>
Name: Anna	Quotes
<p>Anna is a Single mother with 6 children. She had been suffering from multiple debts with next to no savings and there had been times when she was unable to provide the bare necessities for her family. Anna has been working with the IMM over time to improve her budgeting skills, consolidate her debt and considerably increase her savings. Anna considers her IMM a role model in the community and feels that seeing an Aboriginal woman from a similar background be successful with finances makes her more confident of being able to achieve the same.</p>	<p>"I was in a big hole. I had heaps of different debts"</p> <p>"I was always looking for some extra money and always struggling to make ends meet, waiting for the next payday"</p> <p>"Things have changed at home. My kids are now more interested in being sociable as before they had no money to do anything and just wanted to stay at home and watch TV"</p> <p>"Managing my own money and allowing me to provide for my kids means a lot. I have a lot fewer worries and feel more secure"</p> <p>"Family members that are comfortable talking to me will come and ask me for what I've learnt"</p>

Name: Sam	Quotes
<p>Sam has two teenagers and has struggled with money management in the past. Working with Cherie has been a big help for Sam in budgeting, general money management, finding and merging lost superannuation funds. Sam is now much more conscious about what he is spending on food and grocery items, and has been surprised at how effective money management can be. He is currently in the transition housing and has 2 years to work out whether he'll be purchasing a home of his own. Without the IMM program, Sam feels he would not be getting the same personalised and benefit through the Waringarri workshops.</p>	<p>"It's been a real eye opener for me to understand how much I could save by being wiser about my money"</p> <p>"Cherie makes me feel comfortable talking about personal and financial issues."</p> <p>"I have 2 teenage kids and I'm trying to set an example for them so am really happy with myself."</p> <p>"It helps just having someone to talk to that understands Aboriginal situations."</p>

By analysing stakeholder engagement results through a holistic framework combining both financial capability and personal wellbeing, the impact of the IMM program can be considered as affecting more than just the financial position of the client. By improving the financial awareness, literacy and behaviour of clients, the IMM programs appear to be playing an important role in facilitating positive psychological wellbeing outcomes for their clients.

Counting the financial outcomes of microcredit in the IMM theory of change

As set out in the scope, given the unique set of issues relating to financial literacy within the Indigenous Australian community, this SROI analysis has focused on identifying outcomes related to psychological wellbeing stemming from clients improved ability to engage positively with the financial system.

In a development context, there is some evidence (although it is by no means a universal finding) that the provision of microcredit to people who would not be able to otherwise afford formal loans through banks can result in tangible financial outcomes such as;

- reducing their cost of borrowing through unwanted fees and high interest rates charged by fringe lenders,
- helping improve their credit rating over time, and
- providing capital to begin a small microenterprise.

It is possible that the IMM program is able to create some of these outcomes for clients through the provision of NILS loans but this was not an outcome that stakeholders articulated during the engagement process. Further stakeholder engagement is required to determine to what extent these outcomes occur and the economic value they provide.

Where appropriate, instances of financial outcomes driven by improved capacity building have been valued using financial proxies such as savings on fees and interest from fringe lenders and being able to access a minimum amount of funds to successfully apply for a loan at a formal credit provider.

Section 5 - Evidencing the change – Quantitative Data Collection

This section briefly outlines the process taken to quantitatively evidence the outcomes identified in the theory of change.

Outcome Scales

In order to evidence the outcomes identified in the IMM outcome framework and the Theory of Change phase, SROI relies on primary data collected directly from stakeholders to indicate the occurrence of an outcome for each client. It is also acknowledged that every client is unique and starts/ends their IMM consultations at different outcome stages. There is already a comprehensive amount of work done internationally on formulating outcome scales to measure increases in financial literacy and capabilities in individuals. However, given the Indigenous context that the IMMs operate in and the specificity of issues to this cultural group these scales were not deemed appropriate to capture the majority of non-financial outcomes stemming from the IMM's activities. In this light, Net Balance collaboratively with the IMMs, representatives of Good Shepherd Microfinance (Australia's leading microfinance organisation) and National Australia Bank's Indigenous Finance and Development team to devise appropriate outcome scales to capture the outcomes of the program. The outcome scales were subject to numerous rounds of edits and reviews from all the involved organisations before being finalised and used.

The scales were formulated to be able to determine how much change or "distance travelled" had been experienced by each client and were based on aspects of outcomes taken from stakeholder interviews and the best practice frameworks identified. Each outcome scale has been constructed on a 5-point hierarchy of magnitude. Every point on the scales has a unique set of descriptors that can be used by clients to determine where they stand with respect to each outcome when they first met with the IMM, and again once their issues are resolved (or after a determined period of time) to indicate behavioural change. The outcome scales and descriptors are shown in Appendix F.

Data was collected from randomly selected clients across the three locations. As we were unable to gather outcome data from clients on their first visit to the IMMs due to the timing of the SROI exercise, clients were asked to retrospectively answer questions related to their positions on the outcome scales when they first sought advice from the IMM in order to establish the starting point from which they had experienced any change after having been advised and mentored by the IMMs for a period of time.

Data was also collected on other essential aspects of SROI (in the SROI methodology, these are collectively used to calibrate outcomes to determine "impact"):

- **Deadweight:** To what extent the clients thought they would have experienced the outcome if they had not been consulted with an IMM,
- **Attribution:** What proportion of the outcome occurrence they would attribute to the influence of the IMMs

- **Displacement:** This aspect assesses to what extent one outcome displaces other outcomes. This aspect of impact does not apply in every SROI analysis but it is important to be aware of the possibility. For the IMM program, displacement was not deemed to have occurred to the outcomes that were valued.
- **Benefit Period:** How long the clients felt that the outcome would last for them.
- **Drop Off:** The rate at which the effect of the outcomes decrease over time. Drop-off is usually calculated by deducting a fixed percentage from the remaining level of outcome at the end of each year. Due to the lack of longitudinal outcomes data, specific data was not collected on drop off. The SROI practitioner has taken a conservative approach and reduced fairly large proportions of outcome values based on information gained during stakeholder engagement.

The above data (where applicable) was collected by the IMMs after engaging with their clients across each of the material sub-stakeholder groups identified. Due to issues such as clients moving on, physical distance from the IMM, and clients being out of contact, a large sample of responses was not possible. For the purposes of this project, we have attempted to get responses from at least 10% of the total number of clients from each sub-stakeholder group to forecast the SROI ratio.

As NAB intends on embedding outcome-focused data collection into its IMM database going forward, it is envisaged that the size of the sample will gradually rise over time to produce a more statistically sound base from which to calculate an evaluative SROI.

The data collected during this phase of the project is used in an economic model to forecast the magnitude and quantity of social value created through the operations of the IMM program. A summary of these values per sub-stakeholder group are presented and analysed in the following section.

Section 6 - Outcome results summary

This section presents a summary of social value created and the magnitude of outcomes achieved per stakeholder. The impact (in SROI terms) is also analysed and key findings are highlighted.

Valuing outcomes

The forecasted value of the IMM program is calculated by combining the results of the outcome survey and assigning financial proxies to represent the social value created by each outcome. The forecasted change in each outcome is captured in the movement on the outcome scales, and self-reported responses to deadweight, attribution and benefit period dictate what proportion of each proxy are assigned to individual clients while valuing the change. The complete value of a proxy is only attributed to an outcome when a client experienced a 100% change along the outcome scales (ie: a four point distance travelled measure, from a 1 to 5). Where there is only a marginal change in an outcome reported by a client, the appropriate proportion of the proxy is used to value the outcome (ie: a 2 point distance travelled measure equates to 50% of an outcome valuation).

We have attempted to understand deadweight by asking clients directly and while people are often well-placed to give views on what they felt would have happen otherwise, it is difficult to ask people to reliably assess the counterfactual. As such, it is possible that the deadweight values provided and discussed in this section are understatements or overstatements for certain groups. Additionally, no existing quantitative studies focus on the links between psychological wellbeing outcomes and financial inclusion in an Indigenous context that could have been used as suitable counterfactual benchmarks against the survey data.

With lack of longitudinal data, the benefit period of outcomes was calculated by directly asking stakeholders how long they expected outcomes to last with options ranging from a few days to multiple years. Though this gives us some indication as to the sustainability of outcomes, it is susceptible to inaccuracies as the client may find it very different to place a time-span on the outcomes. The benefit period figure is therefore likely to be over or understated. In the course of valuation, we have used very conservative time frames based on the responses to the question in the survey and anecdotal evidence gained during stakeholder engagement. Information on financial proxies (rationale, source, value) is included in Appendix G.

In Table 4, for each sub-stakeholder group we have presented:

- the average self-reported movement along the outcome scales,
- the average deadweight, attribution and benefit period assigned to each outcome as reported by clients, and
- the social value created for each outcome.

Figure 7 contains chart data of IMM clients’ average start and end points on the outcome scales and depicts their distance travelled

Figure 8 depicts the average deadweight and attribution per stakeholder per IMM outcome framework domain.

Table 4: Summary of outcomes for all sub-stakeholders

Outcome	Number of clients surveyed	Total number of clients in stakeholder group	Average outcome scale movement (max 4)	Deadweight (How much of the change would have occurred anyway)	Attribution (how much of the change is attributed directly to the IMM)	Benefit Period in years (how long the outcome lasts for)	Forecasted of social value created (\$)
Aged Pensioner							
Improved Standard of Living	5	25	1.25	0%	55%	1	\$52,000
Total present value of outcomes created							\$52,000
DSP and Long term Unemployed with no children							
Improved Standard of Living	13	127	1.23	2%	65%	2	\$443,447
Increased Independence			1.23	2%	73%	2	\$104,223
Total present value of outcomes created							\$547,670
Long-term Unemployed – single or partnered with children							
Improved Standard of Living	6	23	0.50	4%	50%	2	\$24,378
Increased Peace of Mind			1.17	4%	50%	2	\$16,139
Increased Resilience			1.50	4%	63%	2	\$20,721
Total present value of outcomes created							\$61,238
Underemployed / Recently Unemployed							
Increased confidence	20	194	1.87	3%	73%	1	\$146,529
Increased employability			1.55	1%	66%	1	\$54,517
Total present value of outcomes created							\$201,046
Employed – single with no children							
Improved Standard of Living	8	23	1.13	22%	56%	2	\$50,305
Increased Empowerment			1.88	16%	69%	2	\$12,423
Increased financial security			1.25	28%	75%	2	\$4,430

Improved job performance			1.25	25%	38%	2	\$928
Total present value of outcomes created							\$68,146
Employed – single parent							
Improved Standard of Living	7	27	1.43	43%	75%	2	\$80,996
Increased peace of mind			1.29	25%	71%	3	\$29,973
Increased Resilience			1.57	13%	75%	3	\$32,592
Increased financial security			1.57	25%	88%	3	\$26,902
Improved Job performance			0.43	54%	21%	1	\$502
Total present value of outcomes created							\$170,964
Employed – partnered with no children							
Improved Standard of Living	6	16	0.5	83%	17%	2	\$2,949
Increased empowerment			1.33	67%	42%	1	\$6,289
Increased financial security			1.17	67%	29%	3	\$5,786
Improved Job performance			0.00	100%	0%	1	\$-
Total present value of outcomes created							\$15,025
Employed – partnered with children							
Improved Standard of Living	7	21	0.71	46%	50%	2	\$26,089
Increased peace of mind			1.00	46%	46%	2	\$38,491
Increased resilience			0.71	0%	50%	3	\$16,899
Increased financial security			1.00	54%	54%	2	\$7,566
Improved Job Performance			0.43	71%	25%	1	\$490
Total present value of outcomes created							\$89,536
Family							
Improved family relationships		456	1.18	26%	50%	3	\$674,500
Increased opportunities for children	Based on number of stakeholders with children ⁴⁴		0.66	48%	31%	3	\$5,704
Total present value of outcomes created							\$680,204

⁴⁴ Due to lack of statistics on average number of children per Indigenous household, the national average of 1.9 children provided by the Australian Bureau of statistics was used. Given that most Indigenous families have more than the national average in this category, this outcome is likely to be undervalued.

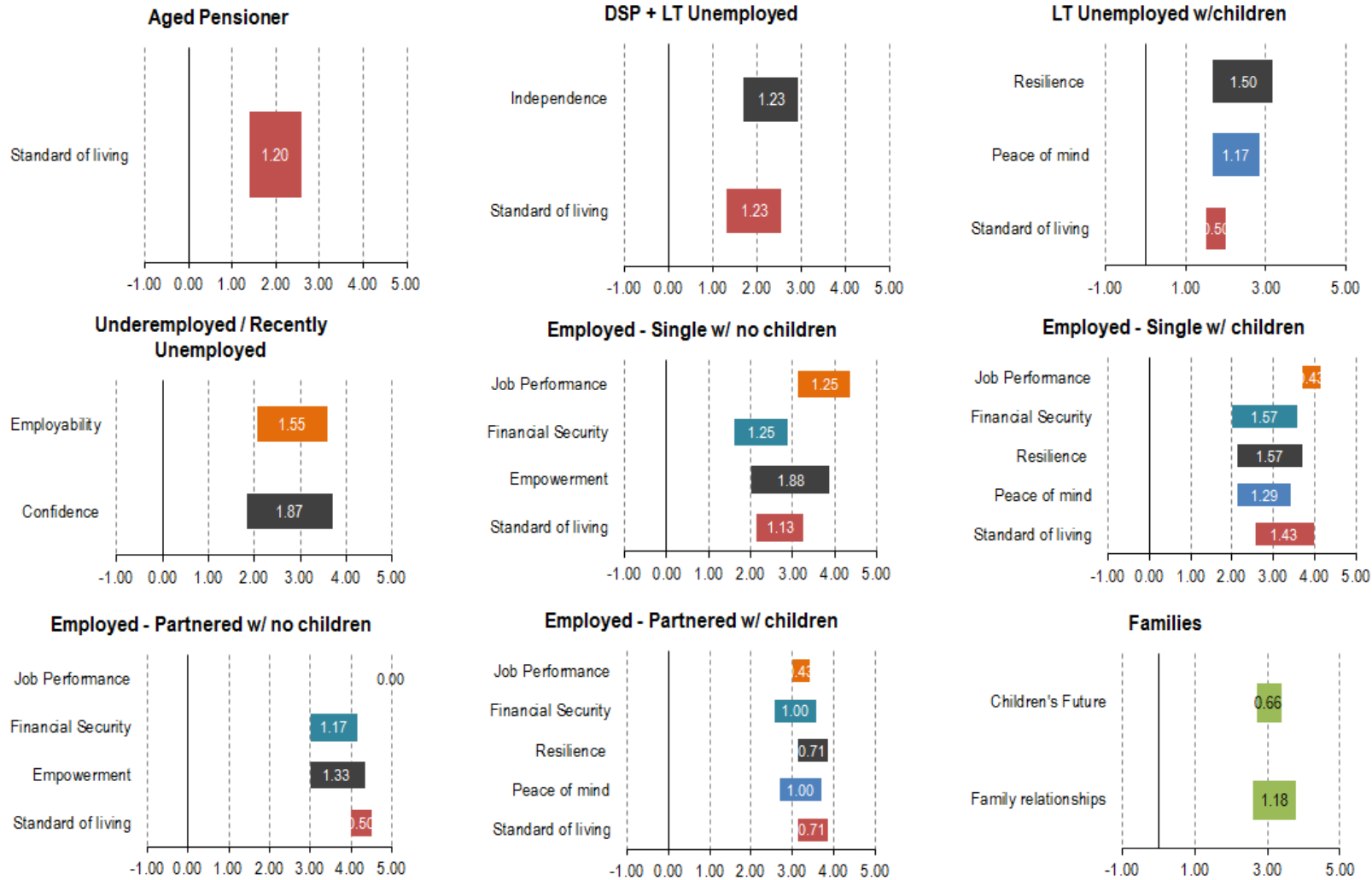


Figure 7: Average start and end points and distance travelled per sub-stakeholder outcome

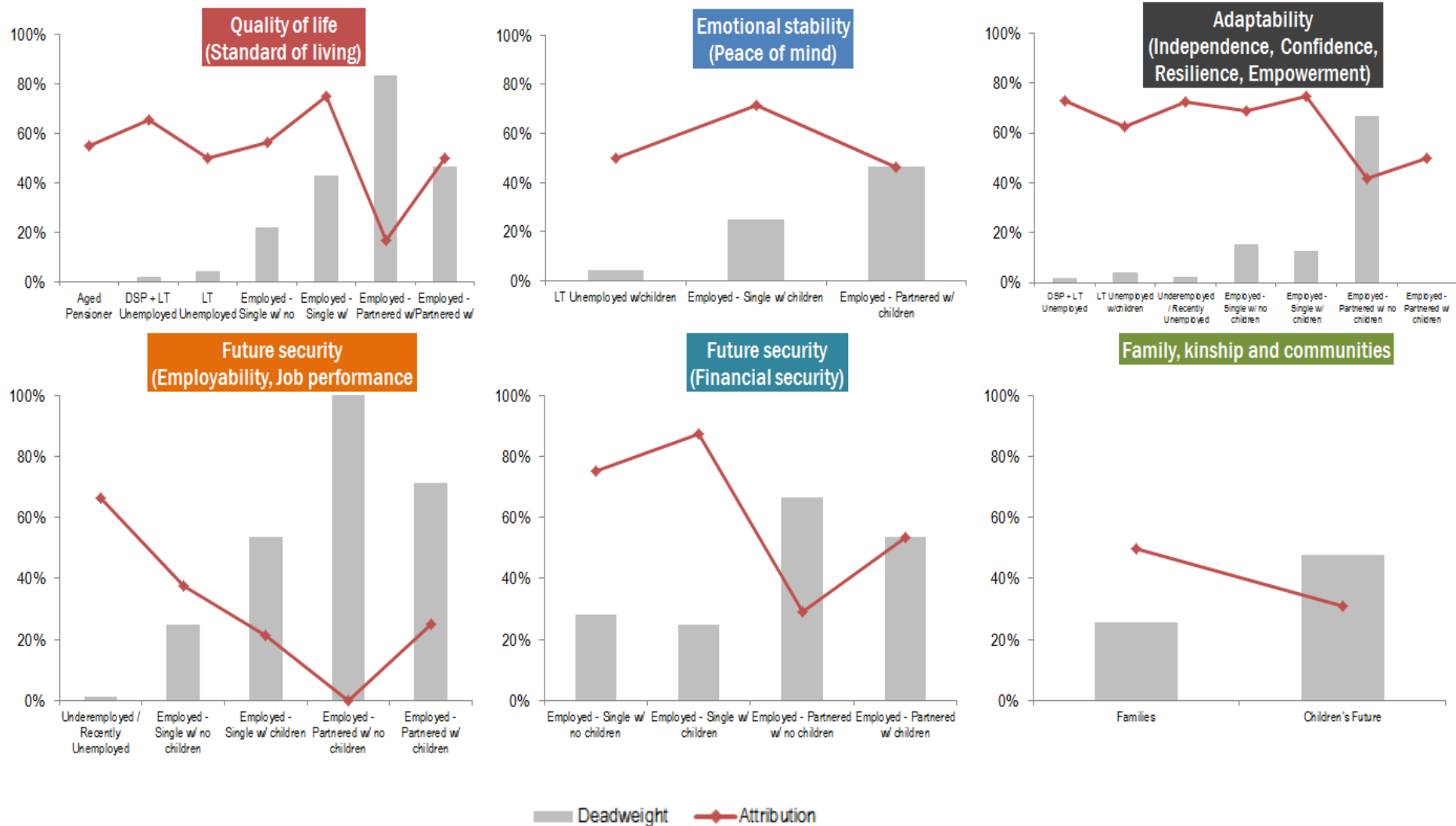


Figure 8: Average Impact (deadweight and attribution) by outcome framework domains

What would have happened without the IMMs?

- Deadweight is considerably higher for employed clients compared to those unemployed (i.e. the probability that they would have experienced outcomes anyway is higher).
- Pensioners and Long term Unemployed have stated deadweight of between 0% and 4% for Quality of life and Emotional stability outcomes signifying that they felt it would not have been able to experience these outcomes had it not been for their interaction with the IMMs.
- Overall, clients who fall into the Employed partnered with no children stakeholder group have the highest deadweight proportions and attribute the least amount of credit to IMMs for achieving their outcomes.
- Attribution is lower for employed stakeholders compared to those unemployed (i.e. there are a greater number of other factors contributing to their achievement of outcomes). “Improved job performance” as an outcome for employed and partnered clients with no children has a deadweight of 100% meaning that that respondents from this sub group of clients found would have been able to experience this outcome without the assistance of IMMs. This outcome is thus immaterial for this sub group and no social value is derived as a result of this outcome. This outcome should not be measured in the future unless there is a change in some of these assumptions.

Magnitude of Outcomes

- The average distance travelled for outcomes experienced by Single employed clients is greater than partnered employed clients. It is likely that partnered clients have a greater support network through their partners and extended families.
- On the whole, Unemployed clients and Aged Pensioners, start at less than “2” on the outcome scales across all outcomes. In the case of aged pensioners this is contrary to feedback from the IMMs who stated that this group were in a good position. This signifies a greater scope for assistance from the IMMs than employed clients

The data presented in this section clearly illustrate that the nature of social outcomes created is unique for each sub-stakeholder group in terms of value, magnitude and impact. We can draw out that sub-stakeholder groups that contain unemployed clients will potentially be highly dependent on the IMM service to achieve their outcomes. Employed clients tend to attribute the occurrence of their outcomes to more than just the IMM Program. This could be support networks that they have through work or through extended families. The importance of the IMM program to unemployed clients is also emphasised by the fact that they started at much lower levels on the outcome scales than their employed counterparts. The next section presents a summary of the social value created for IMM program as a whole.

Section 7—Summary of findings

This section presents the overall findings of the SROI forecast for the IMM program. The value of social outcomes per sub-stakeholder group, the spread of outcomes within the IMM outcome framework and the social value for clients with respect to their overall representation in the client sample are discussed.

Investment in the IMM program

A total investment of **\$448,000** is required to run the IMM program at 3 locations in a typical year. This includes all those contributions, both financial and non-financial. The total value of the investment is used in the SROI calculation. A breakdown of the investment is provided in Appendix H.

Social value created by IMM program

Through stakeholder engagement, data collection and desktop research, the forecasted social value created by IMM program was calculated. By monetising these outcomes, the potential social value to those involved in the IMM program was valued at **\$1,885,829**.

For every \$1 that is invested in the IMM program, it is forecasted that \$4.2 in social value is created.

Given the subjectivity of proxy valuation and the small sample size, the ratio is also presented as a range based on varying the most sensitive areas of the economic model⁴⁵. After adjusting the relevant parameters we can state that for every dollar invested in the IMM program a social return of **between \$3.40 and \$5.00** can be expected.

The social value created by the IMM program per stakeholder is presented in the following tables and figures below followed by a discussion of the results:

■

⁴⁵These figures are based on varying the most sensitive parameters of the SROI model (financial proxies used to value standard of living, improved family relationships and improved confidence outcomes) by 25%. Further aspects of the model were adjusted and tested for sensitivity and are shown in the sensitivity analysis section

- Table 5– Summary of the social value created by stakeholder over time.
- Figure 9– Social value created by stakeholder type
- Figure 10– Social value created by stakeholder.
- Figure 11– Proportion of clients in relation to the proportion of social value created
- Figure – Social value created per outcome
- Figure – Social value created per IMM Outcome framework domain

Table 5: Social return to stakeholders from investment

	Social Value (\$)			Total Social Value per stakeholder (\$)	Present Value of Social Value per stakeholder ⁴⁶ (\$)
	Year	Year	Year		
	1	2	3		
Aged Pensioners	\$ 55,120			\$ 55,120	\$ 52,000
Disability Support Pensioner + Long Term unemployed with no children	\$ 330,840	\$ 264,672		\$ 595,512	\$ 547,670
Long-term Unemployed – single or partnered with children	\$ 36,993	\$ 29,595		\$ 66,588	\$ 61,238
Underemployed / Recently unemployed	\$ 213,109			\$ 213,109	\$ 201,046
Employed – single with no children	\$ 41,166	\$ 32,933		\$ 74,099	\$ 68,146
Employed – single parent	\$ 86,800	\$ 77,850	\$ 23,571	\$ 188,221	\$ 170,964
Employed – partnered with no children	\$ 11,171	\$ 3,603	\$ 1,524	\$ 16,298	\$ 15,025
Employed – partnered with children	\$ 59,555	\$ 33,274	\$ 4,452	\$ 97,281	\$ 89,536
Family	\$ 321,145	\$ 255,770	\$ 178,179	\$ 755,094	\$ 680,204
Total	\$ 1,155,899	\$ 697,696	\$ 207,727	\$ 2,061,322	\$ 1,885,829
				Total Value of Inputs	\$ 448,000
				SROI ratio (\$1:\$x)	\$ 4.2

⁴⁶ The social value created by the IMM program spans a number of years. The value that is experienced in the future has been converted to the present value of money today, in order to be able to compare the present value of the outcomes against the present value of the inputs. An annual discount rate of 6% has been applied.

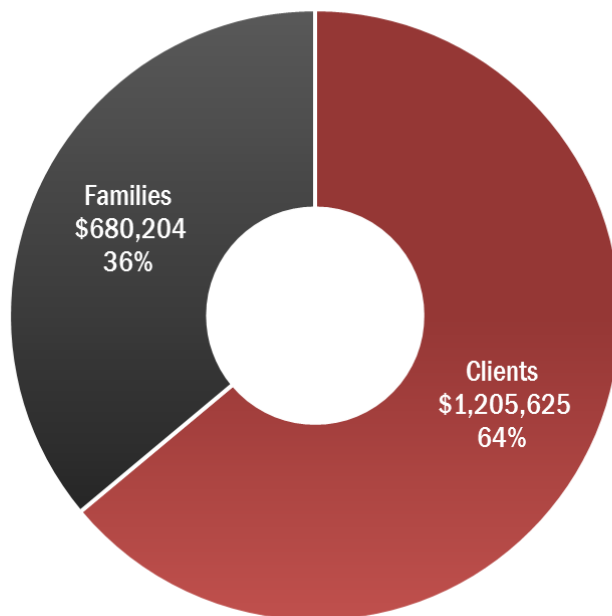


Figure 9: Proportion of social value created by stakeholder type

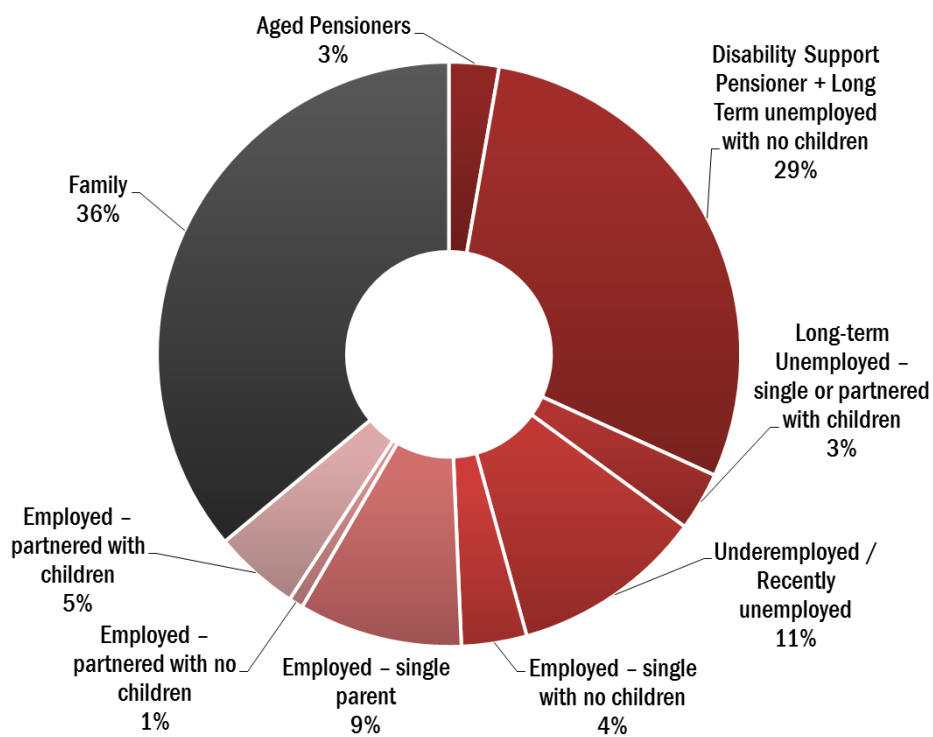


Figure 10: Proportion of social value created per sub-stakeholder group

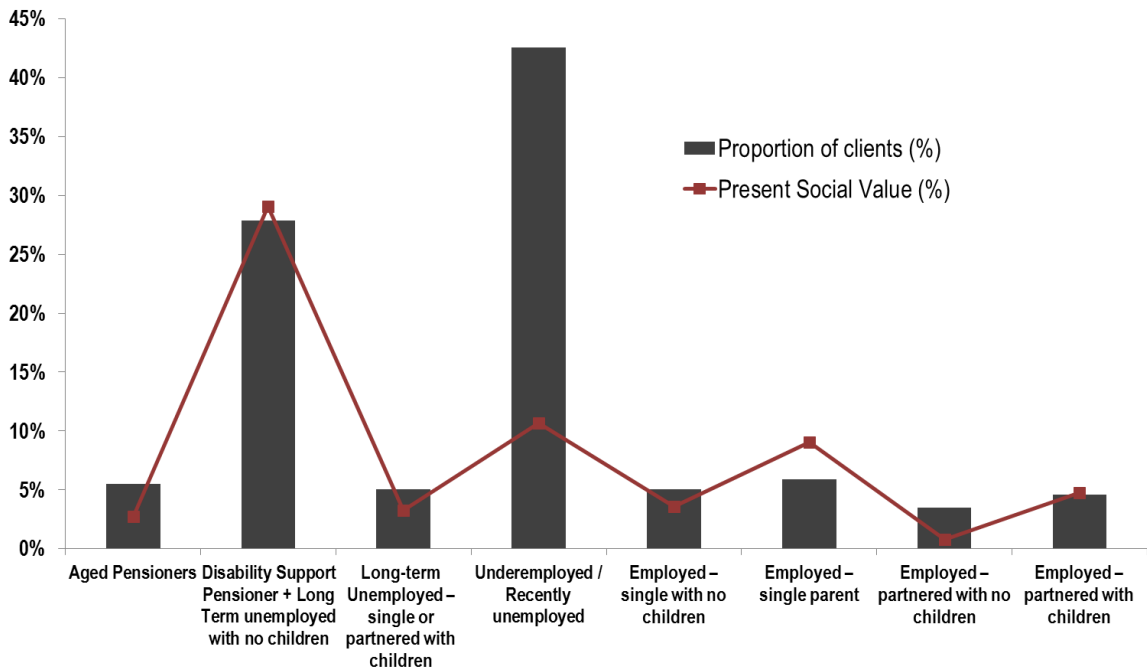


Figure 11: Proportion of client groups VS proportion of social value created

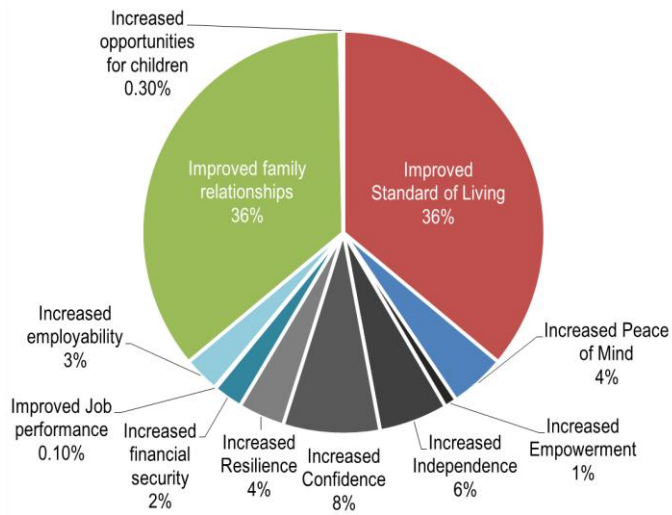


Figure 13: Social value created per outcome

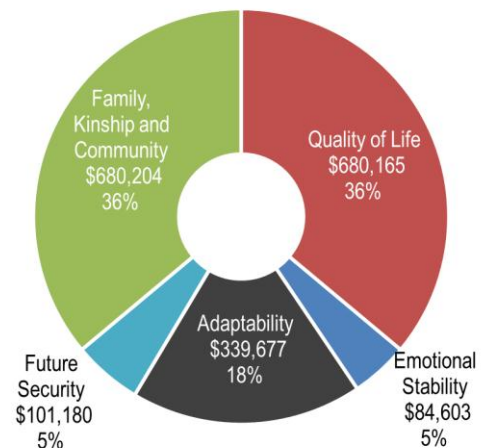


Figure 12: Social value created per outcome domain

Discussion of results

Stakeholders

- From the data presented in Figure 10, it is evident that the over half the social value forecasted is for the Disability Support Pensioners + Long term Unemployed clients with no children, and the families of clients groups (29% and 36% respectively).
- Of the employed clients, those that are parents gain more expected social value than those without children under their active care (14% vs 5%). Out of all the employed sub-stakeholder groups, single employed clients with children appear to benefit the most from IMM (9%). This is linked to the increased peace of mind that flows from knowing that they are working towards a better position for their families.
- In the case of the Underemployed / Recently unemployed group, Figure 11 illustrates that they appear to gain relatively less social value than their representation in the total client population (43% of the client sample with 11% of the social value).
 - ▮ A possible explanation for this could be due to the ambiguity of the definition of an “Underemployed/Recently Unemployed” client. This sub-stakeholder group includes clients who have been recently unemployed or in casual/part-time employment looking for more work and receiving benefits⁴⁷.
 - ▮ The grouping came about due to the reluctance of many clients to reveal their employment backgrounds stemming from various factors such as embarrassment, “shame” or inability to articulate their employment situation. Due to this overlap, it is possible that employed clients receiving benefits are categorised incorrectly and have not been assigned outcome valuation that would apply to them if they were considered in other sub-stakeholder groups.

Social Outcomes

- Improved standard of living and improved family relationships are the most significant outcomes that IMM clients are forecast to receive (36% each). This reiterates that the impact of the IMM Program is felt not only by the clients but as substantially by their families as well.
- The model forecasts a low level of social value creation for the outcomes related to employability, job performance, future financial security and empowerment. However, this reflects results from qualitative stakeholder engagement where only a small number of

⁴⁷ See Appendix C

clients interviewed expressed a change in outcome incidence in these areas. Further data from a larger sample size would confirm whether these are immaterial outcomes or not.

- Financial security in the IMM outcome framework relates to change with respect to employment and demonstrating an advanced level of financial capability that are best addressed by other sector-specific interventions such as employment and mental health programs, and financial advisers.

Results indicate appropriate program design

The goal of the IMM service is to “improve the wellbeing of Indigenous communities by developing the financial capability of individuals,” primarily by improving access to microcredit opportunities and building resilience.

This goal appears to be consistent with the results of the social value forecast, with the areas of the IMM outcome framework domains that best illustrate this intended impact (Quality of Life, Adaptability and Family/Kinship/Community) comprising the largest proportion of social value created. (See Figure).

Addressing the gaps in Indigenous Financial Disadvantage

Based on the results, it is forecasted that the core financial capability needs of Indigenous communities are being addressed effectively through the IMM service, as illustrated by the strong outcome performance in these domains. It also seems that, by starting to build the financial capacity of Indigenous communities and decreasing financial stress in their daily lives, the IMM service can contribute to addressing their other psychological wellbeing needs.

Though small, the fact that it is expected that social value is created through the future security and emotional wellbeing outcomes does have positive implications. It suggests that through addressing the core focus of financial capability, the IMM are indirectly and positively influencing the emotional wellbeing and financial security of clients. This was an area that was frequently referred to in the overview on Indigenous financial disadvantage and evidence of this lends credence to the ongoing need for the promotion of a context specific and culturally appropriate service like the IMM program.

The SROI forecast has resulted in a positive social return ratio for the IMM program. This result is reiterated in the findings presented in the analysis of the social valuation. The program appears able to address the gaps in financial services provision for Indigenous communities that were identified in during stakeholder engagement. The overall ratio and results discussed in this section were subjected to a sensitivity analysis, which is presented in the following section.

Section 8 – Sensitivity Analysis

The results demonstrated in the previous section are based on various assumptions in the SROI model. Sensitivity is a process used to test the assumptions that have been set out in the report previously and to identify the impact of a change in these assumptions on the SROI ratio.

Sensitivity Tests

Table 6 presents the results of sensitivity tests that were conducted on the SROI model and the implications of the resulting changes for the IMM, clients and management. Parameters of the model that were considered highly subjective, likely to change in the future and potentially subject to error during data collection were adjusted to see how they would affect the social return on investment in the IMM Program.

Table 6: Sensitivity tests

Item	New assumption	SROI	Implications	
Number of clients	Double the number of clients being served by the IMM Program	8.4	These variations were made to test to see how the social return would change if IMM targeted certain groups relative to others. From this change it can be seen that targeting groups such as the Long term unemployed with no children, Disability support pensioners, Underemployed / Recently unemployed and Employed Single with children will likely yield greater social value	
	Halve the number of clients served by the IMM program	2.1		
Number of clients	Double the number of DSPs & Long term unemployed + Underemployed/Recently unemployed + Single Employed with children	7.4		
Number of clients	Double the number of Aged pensioners + Long-term unemployed with children + Employed Single with no children + Employed Partnered with no children	6.1		
Program Costs	Halve the management costs	4.7		If the requirements on NAB employees to manage the IMM Program decrease over time through partners or because of operational efficiency, it will increase the social return
	Double management costs	3.5		
Program Costs	Include only NAB costs	6.7	Though only including NAB's contributions to the IMM program yields a much higher SROI, it would be inappropriate to do so as this only represents a portion of the inputs required to run the IMM program. If we don't consider the inputs holistically, we wouldn't be taking account various inputs essential to the existence of the IMM Program.	
Program Costs	Double training costs	4.0	If IMM are potentially provided more training / capacity building opportunities, it does not greatly affect the social return in the short term. It could potentially pay off with improved performance in	

			their role and yield a higher social return in the long run.
Proxy values	Double the future security domain proxies	4.4	This reflects stakeholder engagement results where outcomes in the future security domain were only experienced by a few clients interviewed. Doubling the proxies of these outcomes only increase the social return by 0.2. Conversely, halving this proxy only reduces the ratio by 0.1.
	Halve future security domain proxies	4.1	
Proxy values	Double standard of living proxy	5.7	The standard of living proxy was one of the largest used in the model. We have tested to see just how much this affects the social return if a reviewer might be of the opinion that the outcome is either over or undervalued through the proxy. As it is an outcome experienced by nearly all stakeholders, the ratio shifts considerably in either direction when altered.
	Halve the standard of living proxy	3.4	
Proxy value	Not divide children's opportunities proxy by school year (increases amount to approx. \$11,000) and increase number of children per household to 2.9	4.4	The social value created for children in the model is one of the lowest. Even when we increase the proxy by over 10 times and double the number of children affected, the ratio only increases 0.2. This proves that there is little scope for direct value creation for children through the IMM program.
Proxy value	Double Financial security proxy	4.3	Currently, the adaptability, confidence and family outcome do not contribute to as much value creation as some other outcomes experienced by clients. When the proxies for these outcomes are increased they potentially increase the ratio by at least more than 0.4. If in the future, the IMM service is able to better target these outcome areas and make them more significant for clients, there is potential for greater value creation
Proxy value	1.5 x Adaptability proxy	4.6	
Proxy value	Double the independence proxy	4.4	
Proxy value	Double peace of mind proxy	4.4	
Proxy value	Double resilience proxy	4.4	
Proxy value	Double confidence proxy	4.5	
Proxy value	Double family proxy	5.7	
Impact	If we increase the deadweight stated by clients in the surveys to x1.5 the percentage	4.0	In this SROI analysis we have calculated the counterfactual by directly asking clients. This could prove ineffective as it is often difficult for clients to assess what would have happened in other circumstances. This may mean that the IMM Service is the only source of assistance to many clients and there is much scope in being able to increase the quality of their social outcomes over time. However, as previously stated, the method of determining the counterfactual in this report can be improved.
Impact	Future security was an outcome area where social value created was low mainly because clients attributed very little of the outcome to IMMs. We thus test by increasing the	4.3	Increasing the attribution to IMMs by 50% in this outcome domain only increases the ratio by 0.1. This reiterates the fact that increasing future security (which in the outcome framework requires an advanced level of financial capability) is not the core

	attribution by x1.5 in these areas		focus of the IMM service. If the value attributable to this outcome stays low even after conducting the outcomes survey with a larger number of respondents, the outcome can be considered immaterial in the SROI analysis.
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The most sensitive areas of the model were the proxy valuations assigned to certain outcomes (standard of living, family relationships and confidence) and the number of clients in particular stakeholder groups (DSP & Long-term unemployed + Underemployed/Recently unemployed + Single Employed with children). The above analysis demonstrates that putting in place measures to potentially target these stakeholder groups and help clients achieve stronger outcomes will enable the IMM program to potentially yield a higher social return in the future.

Section 9 – Success Factors and Recommendations

In addition to forecasting social value created for stakeholders, an SROI forecast also reveals valuable findings relating to the sources of success and potential for program improvements. These are both presented in the section. The SROI methodology requires in-depth consultation with stakeholders, during which they are asked to reflect on their experiences and draw connections between activities delivered and outcomes expected. The following success factors and recommendations are provided, based on the interviews conducted with stakeholders and the authors' knowledge of the policy area and their analysis of the IMM service.

Success factors

There are many aspects of the IMM program that are expected to lead to the creation of social value. It is recommended that NAB gives particular focus to the following:

- The IMM program is a community-specific program run for indigenous communities led by mentors with significant knowledge and experience with indigenous customs, behaviours and needs.
- The experience and reputation of the IMMs is a key factor in clients trusting the service and disclosing a 'full picture' of their financial background and practices during interactions. This is an essential element in encouraging the client to embrace the service and providing appropriate solutions for each client.
- The accreditation of IMMs as financial counsellors is by far the most important contributor to the success of the IMM program. As financial counsellors, IMMs can directly assist clients to implement actions that are required to get them out of crisis situations or ease their access to financial services. This also means that clients do not have to go through the process of building relationships and divulging personal information to multiple service providers. During stakeholder engagement many clients stated that being referred to other services was not always an action that suited their needs due to trust and travel issues.
- IMMs in different locations run their service in an operational model that is most suited to the community that they work in. They are not subject to hard operating guidelines which mean that they can be flexible in the way that they address the needs of clients. This is particularly important as clients present a whole range of issues which can't be solved with a 'generic' approach.
- IMMs adopt an approach of 'talking to' rather than 'talking at' clients. This refers to the fact that clients aren't judged based on their situation and solutions are worked out together. This is a significant source of empowerment for clients who frequently referred to being 'proud' of their financial capability achievements.
- Clients are often drawn to the IMMs due to the microcredit offerings (NILS, step-up etc.)

However, where their applications are not successful, it usually represents the first time that a client's attention has been drawn to various other financial issues they have been unaware of. These could range from a bad credit history, unnecessary direct debit payments, unfair contractual agreements to their vulnerability to financial shocks.

- The IMM program thus acts as an early intervention service that helps clients identify areas to address, and provides them with strategies to do so. In their role as financial counsellors, IMMJs can also directly help solve client issues in times of financial hardship and crisis
- The opportunity to discuss personal finances also helps clients understand various financial aspects such as savings, assets, loans, interest rate, fees, fringe lenders, etc. in their own context. This increases the chances that the knowledge shared with client will be acted upon in the future.
- All the IMMJs in the network often went out of their way to assist clients with various issues. This included:
 - accompanying clients to obtain loans and products
 - bringing up issues to other service providers on behalf of clients
 - engaging in community outreach activities by providing their services at community centres and organisations outside their host organisations
 - Running financial literacy workshops outside the office at targeted groups (in prisons, schools, community centres etc.)

Opportunities to create more social value

The following recommendations are based on feedback from clients, host organisations, IMMJs and our understanding of the clients and IMM program needs.

1. Consider training additional local support staff to support IMMJs in order to meet a growing demand for the service.

- In all three locations, the success of the IMMJs has been transmitted by word of mouth and has meant that there is a significant amount of demand for the service. Very often, there is an inability to meet this demand with one IMM per location.
- As demonstrated in one location, the process of training support staff to play a similar role has meant that more clients can be reached. Trainee staff should be trained to be financial counsellors so they can be just as effective as the IMMJs. There are numerous additional benefits of employing local Indigenous staff:
 - Making use of their local connections and indigenous backgrounds to easily and quickly build trust with clients and effectively address issues.

- ▮ Overcome numerous language, cultural and geographical barriers to reaching out to many dispersed clients.
 - ▮ Potentially increase the number of clients through outreach activities in neighbouring communities and place less strain on the IMM to cover the entire area.
 - ▮ Of greater significance stemming from this recommendation is the potential to empower the local indigenous population with a positive role model they can relate to within their own community.
- 2. Provide regular financial counselling sessions off-site at community centres in order to reach clients who face transport barriers.**
- ▮ During stakeholder engagement, both clients and IMMAs stated that there is considerable demand from the wider community and some people have to travel long distances to reach the IMM. This makes it impractical for those who require significant but one-off assistance or those who require long-term, regular support.
- 3. Expand the IMM network beyond the current locations**
- ▮ Positive client feedback reiterated by survey data and subsequent forecasted social value provide evidence to potentially make a case to expand the IMM network beyond the 4 current locations to more areas with high Indigenous populations.
- 4. Open the IMM service to anyone requiring financial assistance.**
- ▮ During stakeholder engagement, both clients and IMMAs stated that there is considerable scope to assist others in the local population. Where the IMM service is restricted to clients of the host organisation, this limits the reach of the IMM program. Opening up eligibility to any potential clients needing financial assistance would significantly increase the social value created at any IMM location.

Embedding SROI into the existing IMM database and improving the quality of data

- ▮ The existing IMM database primarily collects activity data (i.e. number of clients, number of NILS loans, types of issues addressed and actions taken). While this provides an excellent picture of program throughput, it is not possible to draw conclusions with this data on the actual impact that the IMMAs have on clients.
- ▮ Through this SROI forecast, NAB has taken the first steps in identifying the material outcomes or change being created for clients and the community. It is recommended that NAB incorporate and continue to collect data based on outcome categories articulated in this report.
- ▮ The next iteration of outcomes data collection needs to specify a more accurate definition of

the underemployed / recently unemployed stakeholder group. Due to the nature of categorisation during data collection for this SROI forecast, the proportion of value created for this group was inconsistent with the number of clients in the group.

- The key to measuring change is collecting longitudinal data over a period of time for each client. This would involve engaging the client to complete a survey on first contact and following up with them after a determined period of time to assess if recommended actions have been implemented (and to what degree behavioural change has taken place). This information can assist IMM in providing a more appropriate service to clients and provide an evaluation based on situational change rather than volume of program throughput. More importantly, longitudinal data is required to more soundly project the value of the outcomes over time especially in terms of determining benefit period and drop off values.
 - In areas where repeat client contact is rare or access to clients is difficult due to travel barriers, it is recommended that IMM conduct the survey before and after their consultation session with their client. This ensures that the IMM is still capturing data related to client “change” rather than activity.
- Given the timeframe and resources available for this SROI analysis, only a random sample of approximately 15% of the total number of IMM clients were able to fill out the surveys to quantify outcomes. For future purposes, it is recommended that a more significant sample of clients are used to gather survey data from and apply statistical analysis techniques to determine more precise degrees of error with the forecast.
- As stated previously in this report, the source of data used for the counterfactual in determining deadweight is questionable due to the difficulty clients can have in assessing what their situation may have been given other circumstances. It is recommended that a control group consisting of individuals from similar socio-cultural backgrounds to the typical IMM client be established to determine more rigorous deadweight benchmarks.
- Conduct more extensive stakeholder engagement to determine if there are any tangible financial outcomes such as cost savings or credit-worthiness as a result of increasing financial capacity and providing microcredit and collect appropriate data to evidence these outcomes if appropriate

The driving factors behind the success of the IMM program are its operational model that considers indigenous customs, behaviours and needs; appointment of experienced and respected Money Mentors; ability of IMM to act on clients’ issues due to their status of financial counsellors; and their willingness to provide “out-of-office” assistance and service. However, the success of the program means that there is a growing demand for their services that puts a considerable on only one IMM per region. Building the capacity of local indigenous support staff to play a similar role can considerably expand the reach of the program by transcending language, cultural and geographic barriers.

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Limitations

Net Balance Management Group Pty Ltd (Net Balance) has prepared this report in accordance with the usual care and thoroughness of the consulting profession. This report has been prepared for use by National Australia Bank, and only those third parties who have been authorised in writing by Net Balance.

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Please note that all results have been reported as recorded. Any percentages that do not add up to exactly one hundred percent are the result of rounding errors.

This report was prepared in July 2013 and finalised in October following independent review by Just Economics. It is based on the conditions encountered and information reviewed at the time of preparation. Net Balance disclaims responsibility for any changes that may have occurred after this time.

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