

Responding to financial abuse

holistically through a financial and legal partnership



Introduction

Economic abuse is a recognised form of family violence in the ACT, as well as under the Family Law Act 1975 (Cth). Financial independence can be a critical factor in a woman's ability to escape an abusive relationship and tackling economic abuse and the devastating financial consequences of family violence needs to form part of any broader family violence strategy.

Whilst all of our organisations assist women experiencing financial abuse, and the economic impacts of family violence, there is currently no targeted program to address this issue in the ACT. Greater government investment in this area would be consistent with best practice nationally, and the ACT Government's actions and commitments under the Third National Action Plan and the ACT Violence Prevention Strategy.

Care Financial Counselling Service, the Consumer Law Centre of the ACT and Women's Legal Centre seek funding to establish a cross-disciplinary service in the ACT to provide women experiencing economic abuse with support across family law, consumer credit law, and financial counselling services.

The proposal

We seek funding to deliver a cross-disciplinary program to assist women rebuild their lives and build financial stability following family violence and financial abuse.

The model comprises a specialist financial counsellor, consumer lawyer and family lawyer working together to offer women holistic support to address the impacts of family violence and financial abuse.

The model is supported by a financial capability worker who will focus on providing training to clients and the community to address financial abuse, including upskilling frontline workers on the impacts of financial abuse and referral pathways to assistance, and building women's skills in financial management and capability.

The service would aim to:

- Provide greater access to financial counselling, legal advice, support and representation for women who are in financial hardship because of family violence.
- Facilitate better legal and financial outcomes for these women through a coordinated response to family violence and financial abuse.
- Improve women's financial wellbeing including reductions in debt, increased income and participation in workforce and a possible reduction in the interaction of the criminal justice system.

- Increase women's skills, knowledge and confidence in financial management
- Targeted service delivery to groups most at need, including Aboriginal and Torres Strait Islander women, women with a disability, women from diverse cultural and linguistic backgrounds and older women.
- Improve community awareness about financial abuse and referral pathways for victim/survivors
- Significant return on investment for Government by reducing reliance on government services through assisting clients to reduce debt, access financial entitlements and obtain financial security and independence.

The proposed model comprises:

- Create a 1 FTE position for a specialist financial counsellor to be co-located at the Women's Legal Centre to assist their client with financial counselling services or at other outreach locations depending on needs of the clients.
- Create 0.5 FTE position for a consumer credit lawyer dedicated to working with women impacted by family violence and economic abuse.
- Create 0.5 FTE position for a specialist family violence community educator/financial capability worker to provide individual and group training on money management and empower women to build financial capability and confidence.
- Create 1 EFT position for a family lawyer specialising in family violence, family law and related areas including family violence orders and victims of crime financial assistance.

What we've demonstrated

In 2017/18 our organisations received a small one-off grant to run a 12-month pilot to provide women experiencing financial hardship arising from family violence and financial abuse with integrated financial counselling and legal services. This program, supported by a modest grant of and significant in-kind support from our organisations, achieved significant outcomes for clients valued at over \$460,000. The pilot highlighted the need for the program and that through expanding the scope significant impacts would continue to be achieved. Outcomes of the pilot project include:

Financial Counsellors

- Hardship arrangements – The financial counsellors assisted twelve women obtain hardship variations on their accounts with banks, telcos and utility companies to prevent enforcement of debts and enter into affordable repayment arrangements.

- *Debt waivers* and reductions – The financial counsellors assisted six women with debt waivers and two women with debt reductions. The total debt waived for clients across the program was over **\$51,600**.
- *Work development plans* – three women were assisted to establish a work development plan to address outstanding fines.
- *ABC loans* – The financial counsellors referred two women were assisted apply for an ABC loan – a microfinance loan available for women experiencing family violence.

Consumer credit lawyers

- *Relief from liability* – Advocacy by the consumer lawyer assisted 7 women to obtain a liability waiver in relation to joint debts from which they did not benefit or were the result of unauthorised transaction by the other party, or where evidence of irresponsible lending existed. The total liability relief achieved for clients across the project was **\$224,680**.
- *Refunds from lenders* – The financial counsellors assisted three women obtain refunds from lenders where loans were found to be inconsistent with responsible lending obligations or unconscionability by the financial service provider. Total refunds received across these clients was **\$10,070**.

Family lawyers

- *Family law advice* - 12 women were able to access family law advice and support, as well as support and assistance in relation to safety planning. Five women received more intensive support from the WLC social worker.
- *Family law property settlements* - Two women were represented in family law negotiations leading to property settlements in both matters. Approximately **\$174,000** in assets received across both clients.



Raising community awareness

- In addition to direct client work, the services collaborated to design and deliver financial abuse awareness workshops for frontline workers and family lawyers. Approximately 120 people attended these sessions in total.

Because of the significant financial and non-financial benefits they offer, investment in programs which address the financial impacts of family violence, including financial abuse are increasingly recognized as a necessary component of a best practice response to family violence. For example, following the findings of the Victorian Royal Commission into Family Violence, the Victorian Government has committed significant funds to create a new specialist family violence financial counselling workforce, designed to be located within services where women seek assistance.

The Australian Law Reform Commission's recently released discussion paper also shines a light on the need for reform regarding family violence in family law property matters.

Absence of a coordinated legal and non-legal response to this issue in the ACT is a notable gap in the ACT's current response to family violence.



The Investment

The Pilot Project demonstrated the significant outcomes that can be achieved for clients.

The financial value of outcomes achieved within the first year of the project was \$460,000. This impact will continue to grow as the program develops in the coming years, with the support of the ACT Government.

Investment sought – Per Year		Expenses – Per Year	
Description	Amount \$	Description	Amount \$
ACT Government	335,000	Care Financial Counsellor 5 days per week + on costs	107,000
		Community Development & Education Officer 2.5 days per week + on costs	54,000
		Consumer Law Centre Solicitor 2 days per week + on costs	48,000
		Women's Legal Centre Solicitor 5 days + on costs	110,000
		Administrative Support 1 day per week + on costs	16,000
Total Investment sought	335,000	Total Project Expenses per annum	335,000

Managing fines

for people on low incomes

a business proposal by CARE Financial Counselling Services



About CARE

- The main provider of financial counselling and related services for low to moderate income and vulnerable consumers since 1983
- Operates the Consumer Law Centre of the ACT providing legal assistance in the area of credit, debt and fair trading
- Advocates for financial fairness in our community
- Empowers individuals to gain or maintain financial independence
- Offers no interest loans through a range of microfinance programs



care inc.

Introduction

The Law and Justice Foundation's Access to Justice and Legal Needs (A2JLN) Research Program has identified the disproportionate impact fines can have on the lives of disadvantaged people, particularly those who are homeless, mentally ill, young, on low incomes, or in or recently released from prison. These groups are both more vulnerable to being fined and debts arising from fines can further compound existing disadvantage.⁽¹⁾

Care Financial Counselling Service and Consumer Law Centre of the ACT (Care) has been the main provider of financial counselling for low to moderate income and vulnerable consumers in the ACT since 1983. Our vision is Financial Fairness for All. Our financial counsellors provide information, advice, advocacy and support to people in financial difficulty.

Care is a registered Work Development provider in the ACT. The Work Development Order Initiative was set up by the ACT Government for residents in acute financial hardship who are unable to pay an ACT fine (such as traffic, parking or traffic camera infringement). The Work Development Order (WDO) is available to those who meet a range of criteria, including being under acute financial stress or serious financial hardship. The existence of the WDO provides the opportunity for those on low incomes or in financial hardship to pay off their fines through attendance at approved activities. Care is seeking funds to provide regular financial literacy sessions for people in the community as part of the WDO offering. The benefits of the proposed program are two fold:

- Participants receive a reduction of \$50/hour for every hour they attend (maximum of 16 hours provided)
- The sessions are designed to increase participants knowledge and skills in the areas of credit, debt, budgeting and informed financial decision making. The overarching aim is to reduce the likelihood of future infringements or other debts and improve ongoing financial capability and resilience within the community.

(1) Finland's fine example How to fix the regressive nature of traffic fines in Australia, Discussion Paper by The Australian Institute <http://www.tai.org.au/sites/default/files/TAI%20Discussion%20Paper%20-%20Finland%27s%20fine%20example.pdf>

The Issue

From an economic perspective, traffic fines serve to provide an incentive to drivers to obey road rules. The incentives provided however, are different for different people. For a driver earning a million dollars per year a \$150 traffic fine is of little consequence. For a low income earner it can be a serious setback. It can lead to financial stress for those at the margin, resulting in unpaid bills, loss of insurance and other financial problems. Not only does the inability to pay traffic fines deny the Territory revenue, it puts people on low incomes into debt which results in greater reliance on welfare. The consequence is the effectiveness of fines as a deterrence is less amongst this community, it spirals and becomes a greater burden on family and community.

If you are not able to pay a fine (traffic, parking or traffic camera infringement) you have incurred in the ACT, and you meet certain eligibility criteria you can apply to participate in a Work and Development Program (WDP). A WDP will reduce or discharge the fine by allowing a person to undertake unpaid work or participate in certain courses.

Care has been a WDP provider for a number of years offering financial counselling to clients who are in debt and unable to pay their fine. Over this period it has become clear that there is a need to provide more information and education to ensure people are better informed about managing their money and are aware of options to reduce future financial difficulties.

As a result, we successfully applied to deliver financial literacy information sessions as part of our provider offering. During the last 18 months Care has run two pilot workshops to test need and benefit. Both sessions were well attended. In total the pilot workshops were attended by 23 people. The combined reduction in the amount of outstanding fines was \$8600.

We continue to receive regular referrals from ACT Road User Services and have several people waiting to attend future sessions. Around half of the people attending Care's daytime drop in service do so seeking assistance to apply to participate in a Work Development Program. However, we do not have the resources to operate the program on an ongoing basis despite the need it addresses and benefit it offers.

The Commonwealth Government has recognised the issue of outstanding fines and as a result has indicated that from 1 March 2019, people receiving welfare payments with outstanding court-imposed fines will be encouraged to make repayment arrangements via Centrepay.

If they do not voluntarily enter a repayment arrangement, they will be contacted by Centrelink and encouraged to enter a repayment arrangement with the relevant state and territory government. If they fail to enter an arrangement, compulsory deductions will be taken from their welfare payments to pay for their fines.

It is our view that attendance at financial literacy sessions that reduce or discharge outstanding fines is a positive alternative to the proposed compulsory deductions from welfare payments which may serve to increase financial hardship for people struggling on very low incomes.

The Proposal

The proposed **Budgeting for Life Work Development Program** is a series of workshops that allows low income earners to reduce their ACT or NSW infringement fines. The program is designed to enhance the financial, consumer and life management capabilities of participants in a practical and group-based learning environment with the objective of reducing the likelihood of incurring future fines. Care sees the program as an invaluable asset to the community in terms of fine reduction but also as a preventative measure for future financial difficulties by upskilling the participants around managing finances and debt.

The sessions will be informative and interactive. The proposal is to deliver a number of hour (4) hour sessions over two days, each addressing a different subject matter. Attending all four workshops, will allow participants to reduce their fines by \$800.

Sessions will be held in a range of locations across the ACT to increase access to the program.

The primary aim of the **Budgeting for Life Work Development Program** is to increase and build on the participant's financial literacy, consumer capability and life management skills including budgeting, relationships and money, time management as well as understanding credit and debt, insurance and consumer rights and responsibilities. It is anticipated that after successful completion of the workshop not only will participants have worked down the balance of their outstanding fines but that they will be able to make informed financial decisions as well as be able to set achievable goals with an action plan for their accomplishment.

The program represents a part of Care's commitment to access to justice within the community.

Each topic will be attended by a guest speaker who is an expert in their field. The pilot WDP workshops were attended by a financial counsellor at Care, solicitor at the Consumer Law Centre, Client Service Manager at Legal Super, home energy efficiency worker at Actsmart and solicitor at Legal Aid. The aim is to directly link participants with the right information and appropriate organisations empowering them to make informed decisions and increasing their knowledge of how and where to access appropriate support.



Participant feedback will be sought after each session and responses will be used to as part of a continuous improvement process to ensure information covered best meets the needs of the target group.

A pre and post survey will also be undertaken as one measure of improved knowledge and confidence about financial matters as a result of participating in the sessions.

Workshop 1

- Values, attitudes and beliefs towards money
- Relationships and money
- Consumer rights and responsibilities
- Contracts
- Referral pathways

Workshop 2

- Budgeting
- Options for managing debt

Workshop 3

- Investing in yourself, self-care and time management
- Building financial resilience and accessing online and other tools
- Understanding energy use, energy efficiency and payment options

Workshop 4

- Superannuation
- Wills
- Powers of Attorney

The program will target people on low to moderate incomes or those in financial hardship who are unable to pay their infringement notice.

With appropriate resourcing Care would also seek to work with specific communities such as Aboriginal and Torres Strait Islander Communities, Culturally and Linguistically Diverse groups or those who have experience domestic and family violence, to deliver targeted and culturally appropriate sessions in a setting that is suitable for the particular group.

Course content can also be modified for specific audiences to address specific needs i.e; millennials, older women, seniors

Intended Outcomes

For participants:

- Reduction in or discharge of fines
- Reduction in stress
- Increased knowledge, skills and confidence around financial matters
- Decreased likelihood of incurring further fines and corresponding decreased risk of driving whilst unregistered

Government:

- More flexible options available in the community to manage fines
- Decrease in debt collection activity
- Fewer people in the legal system due to unpaid fines



Why CARE is best placed to provide this solution

- ✓ Expertise and reputation: Care has a long history of providing quality services in the ACT. We employ qualified, passionate staff with a commitment to justice and to supporting those in the community who are in financial difficulty. We have strong networks and partnerships with many other local support services.
- ✓ Our Reach: Care provides financial counselling and capability services at several community/ welfare organisations across the ACT, offering free and confidential services to people in financial difficulty.
- ✓ Our Impact. Each year, Care's financial counsellors assist approximately 3000 clients and their families. We also provide over 300 educational activities designed to increase financial capability and build longer term financial resilience.
- ✓ Holistic Service Model. As a hub providing Financial Counselling, Consumer Law advice, community education and capability and access to microfinance programs we are uniquely positioned to assist people struggling with debts, in the Canberra region. People attending workshops will be informed of Care's range of programs and assisted with warm referrals where necessary.

THE PROPOSAL

CARE seeks funding for the following initiatives:

- Community Development & Education Officer - 2 days a week to undertake
 - Design and delivery of sessions across the community
 - Arrange guest speakers,
 - Development of program materials,
 - Develop culturally appropriate content
 - Incorporate feedback into program on a regular basis
- 1/2 day per week administrative support to undertake
 - event planning and venue booking
 - Communication with participants
 - Text reminders
 - Re-scheduling
 - Organising catering

This program requires an investment of approximately \$50,000 per annum



Contact

For more information about this proposal, please contact:
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The Investment

Investment sought – Per Year		Expenses – Per Year	
Description	Amount \$	Description	Amount \$
ACT Government Support	50,000	Community Development & Education Officer 2 days per week + on costs	42,000
		Administrative Support 1/2 day per week + on costs	8,000
Total Investment sought	50,000	Total Project Expenses per annum	50,000