

Reaching out to those affected by

A budget submission to
the ACT Government
from CARE Financial
Counselling Services

family violence & financial abuse



About CARE

- The main provider of financial counselling and related services for low to moderate income and vulnerable consumers since 1983
- Operate the Consumer Law Centre of the ACT providing legal assistance in the area of credit debt and fair trading
- Advocate for financial equity in our community
- Empowers individuals to gain or maintain financial independence



Introduction



are Inc. Financial Counselling Service and The Consumer Law Centre of the ACT (Care) has been the main provider of financial counselling and legal assistance on consumer credit matters for low to moderate income and vulnerable consumers in the ACT since 1983.

We are grateful for the opportunity to provide this submission which arises in response to the increasing number of clients experiencing family violence who are seeking assistance from our service for financial and consumer law issues stemming from the violence.

The proposed program, representing a very modest investment of approximately \$180,000 per year over three years, would provide the dedicated resources required to help empower survivors of family violence to manage their long term financial needs and raise awareness about the issue of financial abuse throughout the community.

Agency Background



cross Care's service delivery programs, the agency responds to just under 3500 new requests for assistance every year.

Care's core service activities include the provision of information advice and support through the financial counselling program, legal advice and advocacy for consumers experiencing problems with credit and debt through the Consumer Law Centre (CLC). Care also has a Community Development and Education program, provides gambling financial counselling as part of the ACT Gambling Counselling and Support Service (AGCSS) in partnership with lead agency Relationships Australia; makes policy comment on issues of importance to its client group and operates the ACT's first No Interest Loans Scheme which was established in 1997.

With community support, we developed and manage the Assistance Beyond Crisis (ABC) program providing microfinance loans to people impacted by domestic and family violence.

Care is a leader in providing our services through outreach. Working in partnership with St Vincent de Paul, Kippax Uniting Care, Lanyon Youth and Community Centre and at the Alexander Maconochie Centre, we work to remove the barriers and increase access to financial counselling and consumer law advice throughout the community.

The primary reason people contact Care for assistance is when they are experiencing financial hardship or financial difficulty and are unable to meet their commitments as they fall due. They may be struggling to pay a range of financial commitments such as rent or mortgages, credit facilities such as personal loans and credit cards or utilities, medical costs, transport costs, education and basics such as food. The majority of our clients are unsure of the options and remedies available to them. Some will have tried to negotiate payment plans or arrangements with creditors without success, or been placed in a more difficult situation by lenders who demand more than is reasonable in repayments on loans.

Over the thirty years plus that Care has been operating the profile of our client group has become increasingly complex in both financial and personal terms. The majority of clients seen are experiencing high levels of stress, which can include mental and physical ill-health, relationship breakdown, unemployment, violence, the effects of current and past trauma and addictions. We find these issues are often inextricably linked to their financial circumstances and this is particularly the case for clients who have experienced or are experiencing domestic and family violence. A recent study of financial abuse between intimate partners in Australia, published in the Australian and New Zealand Journal of Public Health, revealed that: *'...financial hardship and stress are significant indicators of economic abuse.'*

This is particularly relevant to the increasing numbers of clients who access Care and the CLC's services experiencing domestic and family violence. While we do see male clients experiencing domestic and family violence, overwhelmingly it is women who come to Care with this experience impacting their financial and personal health and safety. The majority of these clients are experiencing financial hardship and the inability to sustain payments on a range of financial commitments, some of which they should not be responsible for paying, as the debt has been incurred under duress or similar means.



The Issue

What is financial abuse?

Financial abuse is coercive/deceptive behaviour that denies a person financial autonomy or withholds (or threatens to withhold) support from a person (and children) who is predominantly financially dependent.

THE FACTS

- One in five Australian women will experience family violence in her lifetime.²
- The ACT has seen a spike in family violence victimisation rates, with a 33% increase from 2015 to 2016.³
- Financial abuse often accompanies physical and emotional abuse.²
- 15.7% of women and 7.1% of men will experience economic abuse in their lifetime. ⁶
- Conservative estimates suggest financial abuse occurs in 50% of family violence cases.²
- Violence against women and their children cost the Australian economy \$13.6 billion in 2008/09, this figure is expected to grow to \$15.6 billion by 2021.²
- There are significant barriers to accessing support for people who are socially and economically disadvantaged.⁵
- Financial Counselling is effective. It generates proven flow on benefits, generating \$5 of benefits for every \$1 of cost.⁴
- Currently, approximately 25% of Care's Financial Counselling clients and 40% of the Consumer Law Centre's clients have issues arising from financial abuse
- On current resourcing, CARE and CLC cannot meet the demand for this service without jeopardising other core services.

Impact of financial abuse on victims

Financial abuse can have a devastating impact on personal safety, health, relationships and ability to cope with day-to-day life for the woman and children involved.

Implications for the victim's short- and long-term finances and survival can include:

- lack of funds to cover basic living costs, including food, housing, utilities, transport, medication, schooling and children's needs
- inability to obtain/maintain employment
- increased and long term dependence on government income support payments
- inability to maintain mortgage or loan repayments
- inability to pay rent
- lack of access to a home, car, mobile phone
- a poor credit history
- denial of opportunities to build or develop financial capacity

Sources:

1. http://www.cmd.act.gov.au/_data/assets/pdf_file/0008/883484/ACT-Government-Response_family_violence.pdf
2. The National Council to reduce violence against women and their children
3. Australian Bureau of Statistics - Recorded Crime - Victims, Australia, 2016
4. Wyatt Trust - Paying it Forward
5. Law and Justice Foundation "Access to justice and legal needs. Stage 1: public consultations" <http://www.lawfoundation.net.au/report/consultations>
6. J Kutin et al - RMIT Study "Economic abuse between intimate partners in Australia: prevalence, health status, disability and financial stress"

Economic costs to the community

The flow on effects of financial abuse are far-reaching and costly to the community, including:

- impacts on education outcomes for children
- more resources are required to support children with specialist services in schools
- ongoing dependence on government income support payments (Centrelink)
- Impacts on workforce participation and economic gender equality



Increasing demand

In the last 12 months we have noted a significant increase in the number of clients seeking assistance in relation to financial difficulty resulting from Financial Abuse. Approximately 25% of our financial counselling clients and 40% of the Consumer Law Centre's clients had been impacted by some form of financial abuse.

There is no program in the ACT that provides a targeted consumer credit legal and financial outreach service to people experiencing financial abuse. With the recognition of financial abuse as a form of family violence in the new Family Violence Act in the ACT, the provision of funding to support this work is timely. Front line workers such as family law solicitors and other support workers require familiarisation with financial abuse indicators and appropriate referral pathways. Consumer Law Centre solicitors and Care financial counsellors have been experts in this space for over 30 years. With the combined skill set of consumer lawyers, financial counsellors and community educators, the team is well positioned to provide the required services with the appropriate funding support, however despite being the primary organisation that is referred to by front line agencies, Care and the CLC have not to date received any additional funding to meet the increasing demand for our services that flow from these referrals. On current resourcing, CARE and CLC cannot meet the demand for this service without jeopardising other core services.

Without additional government support to increase our services, a significant number of vulnerable consumers will continue to be impacted by financial abuse and face barriers to accessing justice. Groups that face heightened vulnerability to financial abuse include (among others) Aboriginal and Torres Strait Islander people, CALD communities, people at risk of family violence and older people.

The Barriers

Lack of Awareness

The Victorian Royal Commission into Family Violence recommendations into financial abuse and the Victorian Stepping Stones Project Report highlight the critical need for a nuanced response to credit and debt issues women primarily encounter as a result of family violence.

Chapter 21 of the Victorian Royal Commission into Family Violence is on financial security. It relevantly provides, among other things that abuse experienced:

"... may be financial in nature, defined by law as economic abuse, or may be characterised by other forms of family violence that affect a victim's financial wellbeing and put them at financial risk. Economic abuse is a form of family violence that is not well recognised by the community, service providers or the police. The widespread lack of awareness and understanding of the types of economic abuse women experience means that efforts to prevent and respond to economic abuse are limited. The Commission heard evidence that financial security is a significant protective factor in victims gaining freedom from abusive partners. Victims of family violence are more likely than other women to experience financial difficulty and many women experience poverty as a result of family violence, regardless of their prior economic circumstances.⁶ Research also tells us that women from culturally and linguistically diverse backgrounds and older women are at greater risk of financial insecurity following family violence and face additional barriers to accessing support. The financial consequences of family violence can be acutely damaging and they are often long-term."

We welcome the ACT Government's commitment to 'raising awareness about family violence in ACT communities, in particular the use of non-physical dimensions of family violence including economic, emotional and psychological abuse and coercion and controlling behaviours'⁷ and we seek to improve awareness of the issue of Financial Abuse throughout the community.

Barriers to Accessing Support Services

It is important to acknowledge and address some of the critical barriers people experiencing family violence encounter in accessing support around their financial affairs. Some of these barriers include:

- lack of awareness by front line services of the indicators of financial abuse
- the high cost of legal services
- inaccessibility of legal information websites and helplines.

Sources:

6. Domestic, family and sexual violence in Australia: an overview of the issues - Janet Phillips and Penny Vandenbroek

7. ACT Government "Response to Family Violence" http://www.cmd.act.gov.au/__data/assets/pdf_file/0008/883484/ACT-Government-Response_family_violence.pdf

The Law and Justice foundation identified a number of groups as being economically or socially disadvantaged in terms of their ability to access the law and justice, including Indigenous Australians. Additional barriers to accessing support exist for this sector of the community, these can include:

- long-term distrust of the legal system
- formality of the legal system and its services
- lack of cultural awareness, sensitivity and compassion among legal service providers
- lack of Indigenous personnel in organisations which provide legal services
- intimidation in approaching legal services
- lack of services for Indigenous people in Civil and Family Law
- lack of services for issues specific to Indigenous women and children.

Removing Barriers to Access

The Solution

Extending our services to provide dedicated domestic and family violence financial counsellors, solicitors and Indigenous capability worker would improve access, removing several of the barriers to access currently faced by many of our client group.

There is no program in the ACT that provides a targeted consumer credit legal and financial outreach service to people experiencing financial abuse, however with significantly increasing demand, such a project is timely.

The provision of outreach services through clinics run within existing support services will increase access to consumer legal and financial counselling services in a timely way and in a supportive and safe environment.

Why CARE is best placed to help solve this challenge

- ✓ Our Reach. CARE's financial counsellors undertake outreach at several community/welfare organisations across metropolitan, suburban and regional ACT, offering free and confidential services to people in financial difficulty.
- ✓ Our Impact. Each year, CAREs accredited financial counsellors assist approximately 3500 clients and their families.
- ✓ Holistic Service Model. As a hub providing Financial Counselling, Consumer Law advice, and the Assistance Beyond Crisis program we are uniquely positioned to assist those impacted by Family Violence in the Canberra region
- ✓ We're at the coalface. As such, our financial counsellors are ideally placed to identify financial abuse and provide support to victims
- ✓ Expertise.
 - CARE's Solicitor has a background in the area of elder abuse and holds a position on the ACT Ministerial Advisory Council on Ageing.

- All existing financial counsellors will receive specialist training in 2017 provided by Financial Counselling Australia, thus equipping them to appropriately respond to clients impacted by family violence
- ✓ Cultural Awareness. A dedicated ATSI financial capability worker ensures cultural appropriateness of program materials
- ✓ Community Awareness. Community Development and Education officers will train frontline community sector workers how to identify the often missed signs of financial abuse and provide pathways for addressing this when identified

How a specialist financial counsellor and consumer law solicitor can assist those impacted by family violence

Financial counsellors can assist clients who are impacted by financial abuse by:

- negotiating with creditors and debt collectors
- advocating on behalf of those affected by family violence
- protecting assets from repossession
- accessing financial hardship programs
- lodging disputes with Ombudsman schemes eg unfair contracts or disputed liability
- preventing further debt being incurred by ex-partners on joint credit cards
- explaining debt options such as bankruptcy
- assisting to establish new financial arrangements/accounts
- building financial management capacity and confidence
- providing a path to economic participation and financial empowerment.

Consumer Law Solicitors can assist clients who are impacted by financial abuse by:

- Assist clients where loans have been taken out, often as a result of duress but not always, where they did not receive a direct benefit
- Assist clients who have had an adverse credit listing as a result of fraud on the part of their former partner
- Assist clients with debt liability stemming from fraud from a former partner
- Assist clients with debt liability stemming from family violence
- Assist clients who were guarantors on a loan
- Assist clients who have legal proceedings against them for unpaid school or childcare fees where the former (and often abusive) partner is refusing to pay
- Assist clients with multiple payday loans which they have taken out to pay for costs as a result of the relationship breakdown
- Assist clients with actions against credit repair agencies which they have used in an effort to 'clear their name'

W

hat will be achieved with government funding

- A specialist financial counsellor and solicitor, undertaking fortnightly outreach clinics at strategically situated locations throughout Canberra
- Specialist training of our financial counsellors and funding of a dedicated family violence counselling resource will ensure earlier advice, assistance and primary intervention
- CARE will continue to work with banks, energy, water companies, telecommunications, local councils and government agencies to ensure appropriate protocols and responses to their customers impacted by financial abuse.
- The casework practice framework will be aligned with clients' needs and within a multi-disciplinary environment
- Front line services will receive training on indicators of financial abuse and pathways to financial counsellors
- The program will be evaluated on completion with outcomes feeding back into program materials

THE PROPOSAL

CARE seeks government funding for a package of initiatives:

- a specialist family violence financial counsellor at CARE
- a specialist family violence consumer law solicitor at the CLC
- the development and provision of fortnightly outreach clinics by the specialist Financial Counsellor and Consumer Law Solicitor held at services where women seek assistance, e.g. legal services, health services and family violence protection services
- a dedicated ATSI financial capability officer to work with those the ATSI community and developing culturally appropriate materials
- creation of training materials to assist service organisations to better understand the role of financial counsellors and referral processes
- delivery of training to front line & legal service agencies and organisations raising awareness of the indicators of financial abuse and the available pathways to financial counsellors
- coordination and evaluation of pilots and development of a 'best practice' service delivery model

This program requires an investment of approximately \$180,000 per annum for the first three years.



Contact

For more information about this proposal, please contact:

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The Investment

	2017-18	2018-19	2019-20	TOTAL
INCOME				
ACT GOVERNMENT	180,000	170,000	180,000	530,000
EXPENDITURE				
Staffing Expenses				
<i>Solicitor – 2 days per week (including on-costs)</i>	50,000	50,000	50,000	150,000
<i>Financial Counsellor - 2 days per week (including on-costs)</i>	42,000	42,000	42,000	126,000
<i>Community Legal Education Officer – 1 day per week (including on-costs)</i>	21,000	21,000	21,000	63,000
<i>Aboriginal financial capability worker – 2 days per week (including on-costs)</i>	42,000	42,000	42,000	126,000
<i>Administrative Support worker – 1 day per week</i>	15,000	15,000	15,000	45,000
Staffing sub-total	170,000	170,000	170,000	510,000
Operational Expenses				
<i>Development & production of Educational material & Website Enhancements</i>	5,000			5,000
Operational sub-total	5,000			5,000
Evaluation				
<i>Professional evaluation</i>	5,000		10,000	15,000
Evaluation sub-total	5,000		10,000	15,000
Expenditure Total	180,000	170,000	180,000	530,000