

SUBMISSION TO THE WELFARE REFORM AND REINSTATEMENT OF RACIAL DISCRIMINATION ACT BILL 2009

Friday 12 February 2010

The Australian Domestic and Family Violence Clearinghouse (the Clearinghouse) submits this response to the Welfare Reform and Reinstatement of Racial Discrimination Act Bill 2009 (the Bill), introduced to the Parliament by the Hon. Jenny Macklin. The Clearinghouse has some significant concerns about potential negative impacts of the proposed legislation for victims of domestic violence and makes recommendations regarding withdrawing the compulsory income management provisions of the Bill.

The Clearinghouse is a national, non-government organisation that provides high quality information about domestic and family violence issues and practice. Our primary goal is to prevent domestic and family violence. This submission is based on the findings of the Clearinghouse's recent research (commissioned by FaHCSIA) concerning women's financial security pre and post violent relationships. The research involved interviews and focus groups with 57 women victims of violence and 50 staff in domestic violence and associated services across three Australian states. The submission is also based on the extensive research held in our library on the experience of people affected by domestic violence.

I am grateful to the Committee Secretary for extending the deadline for submissions to allow us time to provide a submission on this important piece of draft legislation. Please do not hesitate to contact me regarding the content of this submission or if you have further questions.

Yours sincerely

Gaby Marcus
Director

Aims of the proposed legislation

The Clearinghouse welcomes the proposed reinstatement of the *Racial Discrimination Act* in the Northern Territory. We do not believe, however, that the reinstatement of this Act necessitates the imposition of harsh and disempowering measures on other social security recipients. Our particular concern relates to the proposed introduction of income management for victims of domestic violence.

Welfare reform is needed in this country and such reform should reflect a desire to adequately provide for recipients' needs, while building their capacity to support themselves and maximising their opportunities for financial independence. We do not believe that the proposed legislation will achieve those ends but, rather, will undermine women's efforts and system supports to foster victims' financial security and enhance their safety.

Lack of evidentiary foundation of proposed legislation

Implication of inability to manage own finances

We note in the Minister's second reading of the Bill of the extension of income management in the Northern Territory to include:

*... people assessed by Centrelink social workers as requiring income management due to vulnerability as a result of financial crisis, **domestic violence or economic abuse.***

The government has chosen these groups based on their need for support due to their high risk of social isolation and disengagement, poor financial literacy, and participation in risky behaviours.

The latter statement appears to blame or target victims of domestic violence for circumstances that are not of their own making. In our research on women's financial security pre and post violent relationships, around fifteen women (26%) said that they had benefited from previous assistance with budgeting and/or expressed an interest in receiving further information about financial planning. However, we would stress that for most of the women in this group, low income – rather than poor financial literacy – was the motivating factor for seeking financial counselling. Staff who participated in the study reiterated that casting women's financial insecurity as primarily a problem of lack of financial knowledge is to minimise other factors, such as low income or sexually transmitted debt, and to fail to recognise many women's deft financial management skills.

Indeed, for the women in the study, their poverty or low financial status was primarily a product of the abuse, e.g.:

- abuse can impact on women's capacity to work, resulting in a history of unemployment, interrupted work patterns and higher turnover of jobs (see also Linhorst *et al.* 2007; Lloyd 1997)
- the abusive partner may have denied women access to bank accounts and information regarding family finances (Branigan 2004)
- when they end a violent relationship, women may have to abandon their home, as well as their place of employment if they work from home, and some or all their assets – often resulting in instant poverty; homelessness for women and children is most often due to domestic violence (see also AIHW 2007)
- there can be ongoing costs associated with women relocating multiple times for safety reasons

- women affected by domestic violence have been shown to be at a disadvantage in negotiating property and financial settlements post-separation (Sheehan & Smyth 2000)
- women and their children can incur extensive medical bills associated with the violence (including treatment for injury, sexual assault, trauma, anxiety and depression)
- women may be faced with multiple legal matters following separation, including for criminal cases, protection orders, child contact and victim compensation claims directly related to the violence, as well as for other matters associated with separation such as property settlement, wills, bankruptcy and legal action relating to jointly-owned business
- many women with children in our study experienced non, late, intermittent or under payment of child support by abusive ex-partners, and complained of a lack of investigation of these matters by the Child Support Agency and Centrelink.

Passive welfare

The Clearinghouse takes exception to references in the Bill to income management as a means of addressing 'passive welfare'. The extension of the targets of the Bill to domestic violence victims paints them as abusers or exploiters of the social security system. Certainly in our study, women were concerned, often desperate, to be financially independent, not only of their violent ex-partner but also of government entitlements. Many women spoke despairingly of the lack of opportunities to find an employment foothold from which to elevate themselves out of their financial situation. They identified a number of barriers to their part or full time employment.

Many women in the study were dealing with the trauma of the abuse (e.g., were suffering from depression or anxiety) which prevented them from working. Forty one women (72%) in the study had children between 0 – 15 years old and many of those found childcare either unavailable or too expensive to make employment a viable option, or were concerned about ongoing safety issues (posed by the abuser) for older children left at home. A few women reported that working or increasing work hours would effectively leave them worse off financially, due to a loss in social security entitlements coupled with an increase in childcare expenses.

Both women and workers in the study identified the lack of penalties for violent ex partners who do not comply with child support obligations, who continue their violence and who do not comply with parenting orders – all of which can contribute to women's financial insecurity.

Impact of legislation change

Accessing Centrelink

The Clearinghouse is concerned that the proposal to introduce compulsory income management will only exacerbate women's existing difficulties with respect to accessing Centrelink services.

Participants in our study made a range of complaints about Centrelink services, including that:

- information about their eligibility for different types of payments, particularly the Domestic Violence Crisis Payment, was not readily available
- they received conflicting information about Centrelink requirements from telephone and counter staff

- they were frequently required to retell their domestic violence experience to a different Centrelink officer every time they went into the agency and/or were expected to speak about their experience in an open area with other Centrelink staff and clients present, despite this information already being on their file
- that they regularly had their payments cut off due to administrative errors, with no compensation.

Staff emphasised the unnecessary anxiety created by Centrelink's administrative system, which they ultimately felt delayed women's recovery from trauma of violence.

Importantly, the most positive comments about Centrelink were reserved for the Social Workers. These officers were seen as more understanding of the dynamics of domestic violence, appeared to be better informed than counter staff about the payments and exemptions women were entitled to, and sometimes referred women to other services. A key recommendation from our study is that Centrelink assign a caseworker to each woman when she first discloses domestic violence – a single person to deal with the client every time, who is well apprised of the client's details, as well as all the entitlements, exemptions, support and referral processes applying to clients in this situation. Based on the research, the Clearinghouse urges the Government to address the underlying problems for domestic violence victims accessing the Centrelink system, rather than introducing additional punitive measures, such as compulsory income management.

Discrimination

The Clearinghouse is concerned about the discriminatory impact of the Bill for victims of domestic violence. Making women use a card to purchase goods and thereby identifying their financial position to retailers and others, is likely to cause shame and discrimination - as has been the effect on recipients in the Northern Territory.

A number of women in our study spoke of experiencing discrimination associated with being victims of domestic violence, single mothers, or having a poor credit rating, including from debts run up by the abuser but for which the victim had been made responsible. Such discrimination made it difficult for some women to secure accommodation, establish bank accounts and deal with payment of debts. The imposition of the use of a card to purchase goods could add to discrimination women in this situation currently experience.

Disempowerment

It is clear from the Clearinghouse's research and other research that a major impact of experiencing violence from a partner is the disempowering effect of that violence – the use of power and control by the abuser to undermine women's capacity to govern their own lives. This is intimately linked to trauma, anxiety and depression that women experience during and following violent relationships. Workers in our study spoke of the efforts they needed to make to build women's self-esteem, confidence and capacity. The introduction of income management directly undermines that process – imposing yet another form of control on women. That is, telling them they can't manage their own finances and dictating to women what they can spend their money on. Women need assistance that will empower them and assist them both personally and in their ability to meaningfully participate in society, including in the paid workforce.

It is also clear from our study that women affected by domestic violence access diverse services, charities and faith organisations for basic goods like groceries, food vouchers, transport vouchers, clothes and toys for children, as well as financial support with medical needs. This assistance can provide some small margin of flexibility in terms of what women spend their remaining financial resources on. Compulsory income management diminishes that choice for women, who often have complex financial demands, including for accommodation (and often relocation for safety reasons), legal matters, health care, child care and school expenses, transport and safety measures.

We are concerned that the discriminatory and disempowering impact of the proposed legislation may act as a barrier to disclosure of domestic violence for some women. Failure to disclose will negatively impact on their social security entitlements and can place women at risk of abuse; e.g. if being required to seek child support from an abusive ex-partner.

Clearinghouse recommendations

The Clearinghouse calls on the Federal Government to withdraw the compulsory income management provisions of the Bill.

We believe the significant investment required in administering the income management scheme would be better spent in the provision of services to build victim's financial capacity and opportunities, through services like case management, advocacy, provision of counselling, increases in legal support, education and workplace training, and the provision of financial counselling where required.

Specifically with regards to the issue of financial counselling, the value of this strategy was stressed by many participants in our study. Staff rated individual financial counselling among the three most helpful forms of assistance for women in relation to their finances and money management. Women were also overwhelmingly positive about their experiences of financial counselling. In most cases, this support focused on budgeting, including debt management and bill payment. In addition, many clients benefited from direct advocacy to companies and/or government agencies, undertaken on their behalf by domestic violence services or by specialist financial counsellors. Staff suggested that financial counselling could enhance women's sense of control 'about where they're spending their money and where they make their choices'.

While most participants viewed financial counselling as a useful strategy, both women and workers articulated that the issue was more of limited income than lack of knowledge about financial management. Our research indicates that financial counselling works best for domestic violence victims where it aims to give women more, not less, of a say over how they use their money. The quarantining of welfare payments, as proposed in this Bill, achieves the very opposite. It removes women's choices over how, where and when to spend their money, thereby compounding women's experiences of financial abuse.

The Clearinghouse welcomes the evaluation of any introduction of income management – which needs to be matched with the willingness to change legislation that is discriminatory and ineffective in alleviating social disadvantage and poverty.

References

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