

Programs to assist people experiencing financial hardship

A range of programs and services are available to assisting people who are experiencing financial hardship, empowering them to better manage their financial affairs (including through improved financial literacy) and increasing their understanding of the factors contributing to financial hardship.

These programs and services, although not necessarily targeted at people who are experiencing mental disorders/illnesses, are nonetheless very important to these people as financial hardship has been shown to be associated with increased psychological distress and several psychiatric disorders.

Research demonstrating the increased prevalence of mental health problems among those who are socially disadvantaged (such as the unemployed, those of low socio-economic status, single mothers) has found that financial hardship is an important, if not the most important, variable accounting for this relationship. Research by FaCS shows that increasing instances of financial hardship are associated with increasing prevalence of mental disability. While this research shows a strong association between financial hardship and the experience of mental health problems, it is less clear on the causal direction of the relationship (i.e., whether financial hardship causes mental health problems or mental health problems cause financial hardship). In addition, financial pressures resulting from problem gambling can lead to anxiety, depression and to a general decrease in emotional and mental wellbeing.

While the extent of financial stress and hardship varies considerably between different household types in Australia, in general, elevated levels are experienced by sole parents, households mainly dependent upon pensions and benefits (although this varies as a function of the type of income support payment, for example, households reliant on the Age Pension generally report positive outcomes), jobless households (a significant proportion of which are sole-parent households), households in which a member has a disability, and some youth. Low rates of hardship are typically reported for households composed of aged persons, and couples with and without children. Factors that protect against the experience of hardship include employment (full-time in particular but part-time as well) and home ownership (Bray 2001).

Emergency Relief Program

The Emergency Relief Program (ERP) provides up to \$30 million a year for grants to community and charitable organisations to provide emergency assistance to individuals and families in financial crisis. Services are delivered through approximately 900 community agencies and 1400 outlets. Annual funding to agencies ranges from around \$1000 to more than \$5 million.

The Smith Family report that around 21 per cent of the people who present for emergency relief suffer from mental health problems or mental illness, including emotional difficulties and depression.⁵⁵

Approximately one per cent of the ERP funding is set aside for training staff working in the emergency relief sector. This training includes a module on mental health awareness where it has been identified as a training need.

Commonwealth Financial Counselling Program

The Commonwealth Financial Counselling Program funds community organisations to provide free financial counselling services to people in low income groups, and small business operators who are experiencing personal financial difficulties due to circumstances such as unemployment, sickness, credit over-commitment, family breakdown and problem gambling (see below). Expenditure on this program for 2005-06 is expected to be \$2.9 million.

Household Organisational Management Expenses (HOME) Advice Program

Household Organisational Management Expenses (HOME) Advice Program funds community agencies to provide an early intervention program to help families stabilise their housing and financial circumstances, and assist them with access to community services, including financial counselling, labour market programs and employment. It targets families at risk of becoming homeless.

Funding for programs

Name of program	Funding \$s (millions) (estimates)	Funding period
Commonwealth Financial Counselling Program	\$3.814	2004-05
	\$2.905	2005-06
Household Organisational Management Expenses Advice Program	\$1.255	2004-05
	\$1.278	2005-06
Emergency Relief Program	\$29.357	2004-05
	\$30.390	2005-06

Problem gamblers

For many people gambling is a legitimate part of their leisure and recreation activities. While most people who gamble do so in a responsible manner and enjoy gambling as entertainment, there is an estimated 2 per cent of the of the total Australian adult population who have a gambling problem, which is about 400,000 people. An estimated 2 million other people are directly negatively impacted by problem gambling (Banks 2002).

As with many mental disorders, problem gambling exists on a continuum of severity. The Diagnostic and Statistical Manual of Mental Disorders, 4th Edition, (American Psychiatric Association 1994) classifies pathological gambling as an impulse control disorder, in that it constitutes a persistent behaviour that significantly disrupts a person's social, financial, vocational or family life. The term problem gambling is used to classify individuals who fail to meet the diagnostic criteria of pathological gambling but have several significant problems associated with their gambling activities. Recent research has shown that problem gamblers (or subthreshold pathological gamblers) differ significantly from recreational gamblers and more closely approximate the characteristics displayed by pathological gamblers (Cox, Enns et al. 2004).

According to the Productivity Commission, work related costs of problem gambling can include such things as job loss, absenteeism and poor performance. The legal impact of gambling may include incidences of domestic or other violence, theft and imprisonment, loan sharks and bankruptcy. Financial, personal and family costs include financial hardship, debts, asset loss, loan sharks, bankruptcy, stress, depression and anxiety, suicide, poor health, the neglect of family, relationship breakdown and violence (Banks 2002).

The Productivity Commission identified the following mental health issues for problem gambling:

- around one quarter of problem gamblers receiving counselling indicated gambling as the cause of a relationship break up;
- one in 10 gamblers reported domestic violence or other violent incidents related to their gambling;
- around one in five severe problem gamblers are reported to be suffering from alcoholism or other dependencies;
- one in 10 problem gamblers say that they have contemplated suicide; and
- it is estimated that there are between 35 and 60 suicides linked to gambling each year.

Problem gambling is a complex and co-morbid condition – but one that is often quite hidden. Problem gamblers have a greater risk of experiencing other mental health problems and there is a high level of stigma around seeking assistance for a gambling problem. It is often the case that problem gamblers access programs/services on the basis of a secondary issue (such as relationship difficulties), and the issue of their problem gambling may only emerge after a series of program/service sessions.

Services for problem gamblers are primarily funded by State and Territory governments and are provided by a range of organisations. However, it is expected that problem gamblers are using a number of FaCS' programs/services, including financial counselling, financial literacy and Emergency Relief Program as well as relationship counselling services.

