14 June 2024

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
By email: corporations.joint@aph.gov.au

Re: Inquiry into the financial services regulatory framework in relation to financial abuse in Australia

Introduction

Ecstra Foundation (**Ecstra**) welcomes the opportunity to make a submission to the Inquiry into the Financial Services Regulatory Framework in relation to Financial Abuse (the **Inquiry**).

This submission draws on our experience of funding and partnering with over 130 community organisations working to build the financial wellbeing and economic security of people and communities. This includes community organisations working to address financial abuse including the pioneering Economic Abuse Reference Group, Redfern Legal Centre's state wide financial abuse service and the Centre for Women's Economic Safety.

Ecstra's submission focuses on issues relating to questions 1- 3 and 5-6 of the Terms of Reference for the Inquiry.

About Ecstra Foundation

Ecstra Foundation is an independent charitable foundation committed to building the financial wellbeing of Australians within a fair financial system.

Ecstra is relatively unique in Australia, with a dedicated focus on supporting financial education, capability and wellbeing initiatives. Ecstra has committed $32 million over four years in grant funding to partners across these domains.

We support consumer organisations in their work to address the many structural barriers to financial inclusion and economic security. Our partners include community legal services, financial counselling bodies, sector peaks and front line service providers.

We also work in communities, schools and other learning environments to map, design, deliver and measure financial education initiatives that help build individual financial literacy, capability and confidence.

Our free national financial education program in primary and secondary schools Talk Money with Ecstra Foundation, helps school students learn about money lessons for life, be confident talking about money and to make informed decisions. This includes how to have healthy and constructive conversations about money.

Ecstra's initial funding was provided through Australian Securities and Investment Commission's (ASIC) Enforceable Undertaking regime (namely community benefit payments), ensuring that consumers are always at the centre of our work.

Summary and recommendations

Ecstra's key points and recommendations are:

1. **Financial services industry responses -** while there has been growing industry awareness of financial abuse, there is a lack of consistency across the financial sector in identifying and responding to financial abuse. Greater consistency is required to ensure responses are safe, compassionate, culturally appropriate and trauma informed. Banks, insurers, telcos and energy providers should:
    - update their terms and conditions to ban the misuse of products and services for financial abuse
    - continue to invest in systems for detecting financial abuse
    - ensure greater focus on consistently considering the impact of family and domestic violence when dealing with debt issues
    - develop guidance/frameworks to ensure consistent approaches for responding to, and providing services to, perpetrators.

2. **Online banking and bank branch closures -** the move to online banking, including the ability to apply online for unsecured credit, has enabled perpetrators to weaponise products and services. The closure of bank branches increases the risk of financial abuse for vulnerable customers. Banks should ensure customers continue to have reasonable access to branches.

3. **Effective legal requirements and regulatory arrangements** - Financial services laws are critical in helping both prevent and reduce harms experienced by victim survivors of economic and financial abuse. Areas for review and reform include:
    - Design and Distribution Obligations guidance should include the risk of misuse for financial abuse
    - review of responsible lending requirements and credit repair processes to consider how these can be better applied to cases of financial abuse
    - recent legislation introduced to Parliament to regulate BNPL as credit and introduce consumer protections is very welcomed. However concerns remain regarding the adequacy of protections for amounts under $2,000, which may leave victim survivors vulnerable to financial abuse and hardship
    - measures to better address family and domestic violence and financial abuse within the Insurance Contracts Act, including the standard cover regime to include 'conduct of others' provisions.

4. **Impact of intersecting legal responses -** a greater focus on the interaction of laws such as family, privacy, bankruptcy and consumer and credit laws is required to understand and address the impact of these intersections (and often inconsistencies) on victim survivors' experience of navigating the legal system and on their response and recovery.

5. **Financial Safety by Design principles -** Ecstra supports consumer organisation calls for financial institutions to incorporate principles of Financial Safety by Design in their product and service development, implementation and review. This approach centres the experience and voice of lived experience and provides a framework for, and focus on, preventative action.

6. **Access and inclusion -** financial institutions must do more to ensure products and services are inclusive and accessible, with product and essential service information available in plain English and translated into community languages.

7. **Referral pathways** - financial institutions should invest more in creating effective referral pathways and collaborate with specialist community services and legal centres to ensure victim survivors access information, services and financial capability support during recovery and to build long term financial stability.

8. **Awareness raising** - financial institutions and government need to be investing more to raise awareness of the incidence of financial abuse, identifying warning signs and how to access support and help when needed. This should be targeted and segmented to ensure appropriate messaging for different cohorts, with in language campaigns developed for diverse communities.

9. **Addressing economic security -** financial stress and economic security impact the likelihood of, and ability to escape, family violence. It also impacts a victim survivor's continued safety and independence after they have left an abusive relationship. Social security reform to ensure adequate income support and investments in secure and sustainable housing is crucial to ensuring women's economic security and safety.

10. **Building financial literacy -** improving consumer financial literacy is an important early intervention and preventative measure. There are opportunities for government to commit to a national financial capability plan to elevate the importance of financial education and ensure greater access to financial education and support across all life stages.

11. **Tax system reform -** addressing and preventing the misuse of the tax system by perpetrators of financial abuse is an issue that should be elevated. Reforms to address this could be modelled on the US approach which includes 'innocent spouse relief' provisions and specific tax relief for victim survivors of financial abuse.

12. **Sustainable funding for frontline services** - further investment by government is needed to ensure specialist community service advocates and legal centres can provide crucial support to help victim survivors resolve the complex financial challenges and debts incurred as part of financial abuse.

Q1. Prevalence of financial abuse (*including the approaches taken by financial institutions to identify, record and report financial abuse, and any inconsistencies, the impact of the impact of the shift of financial products to online platforms, and any other contributory factors*)

Economic abuse involves a pattern of control, exploitation or sabotage of money and finances and economic resources, which affects a person's ability to obtain, use or maintain economic resources, threatening their economic security and potential for self-sufficiency and independence[1].

Financial abuse is a component of economic abuse. It is defined as a pattern of control, exploitation or sabotage of *money and finances* that affects an individual's capacity to acquire, use and maintain *financial resources* thus threatening their financial security and self-sufficiency[2].

Economic abuse is a significant and under reported issue, with one in six women in Australia having experienced economic abuse[3].

[1] Glenn R & Kutin J. J (2021). Economic abuse in Australia: Perceptions and experience. Centre for Women's Economic Safety
[2] Gendered Violence Research Network, University of New South Wales (2020). Understanding Economic and Financial Abuse in Intimate Partner Relationships.
[3] ABS (2023) Personal Safety, Australia, 2020-2021 financial year

The cumulative cost of financial abuse to victim survivors and the economy was estimated to be at least $10.9b in 2020[4]. *The National Plan to End Violence against Women and Children 2022-2032* states that financial abuse is a powerful form of abuse and is often the reason why women find it difficult to leave an abusive relationship.

Financial institutions response to financial abuse

The banking industry has taken steps towards improving their response to customers who disclose experience of family and domestic violence. However, this has largely been focused on addressing the harm once it has occurred and there is opportunity for banks to take greater preventative action[5].

Industry codes across banking, general and other forms of insurance and buy now pay later products reference family violence[6]. We note the consultation process is underway regarding the Australian Banking Association's (ABA) updated Banking Code of Practice. Consumer advocates have raised concerns regarding changes to the Code which amount to reduced protections for consumers, including those experiencing financial abuse[7].

More than 20 organisations in Australia now include financial abuse in their terms and conditions or have committed to introduce this measure[8]. The specific inclusion and calling out of financial abuse in terms and conditions is important as it sends a clear signal that abusive behaviour is unacceptable. Public statements by banks about the new terms and conditions, and resulting media coverage, help raise community awareness of financial abuse as a form of family and domestic violence[9].

Ecstra supports calls by advocates for banks, insurers and other businesses to take steps to include financial abuse in their terms and conditions to make clear that product and services cannot be used for abuse, that misuse may result in discontinuance of service and that abusive behaviour may be referred to law enforcement[10].

Insights from frontline partners working with victim survivors suggest that while there has been increased industry awareness of financial abuse and some improved practices by lenders, this is not consistent across the board. Their case work indicates that non-bank lenders are lagging behind banks in terms of appropriate responses. This can mean that whether a victim survivor receives a supportive, trauma informed response is dependent on who they happen to bank with or where they have signed up to services such as utilities etc.

Inconsistent approaches have also been noted in relation to how financial abuse is identified. Financial services institutions should be consistently considering the impact of family and domestic violence when dealing with debt issues, however some organisations apply financial hardship processes without reference to the impact of financial abuse[11]. Continued investment is needed to develop better systems for detecting financial abuse.

There is also a lack of consistency regarding how the corporate sector responds to customers who are perpetrators of family violence[12]. Further guidance/frameworks should be developed to provide the finance sector with a consistent approach for responding to and providing services to perpetrators[13].

[4] Deloitte Access Economics, 'The cost of financial abuse in Australia' (2022)
[5] Fitzpatrick, C. (2022). 'Designed to Disrupt: Reimagining banking products to improve financial safety' (CWES Discussion Paper 1). Sydney. Centre for Women's Economic Safety.
[6] Fitzpatrick, C. (2024). 'Designed to Disrupt: Reimagining general insurance products to improve financial safety' (CWES Discussion Paper 2). Sydney. Centre for Women's Economic Safety.
[7] See Joint submission to ASIC consultation Paper 373 – Banking Code of Practice (January 2024)
[8] See Flequity Ventures' Respect & Protect campaign
[9] Centre for Women's Economic Safety (2023) 'Action on financial abuse and banking: 12 month snapshot'
[10] CWES Discussion Paper 1 and CWES Discussion Paper 2, see also Respect & Protect campaign
[11] Economic Abuse Reference Group (EARG) DFV and Debt, Needs more than financial hardship response (2021)
[12] CWES Discussion Paper 2
[13] Ibid.

Impacts of the move to online platforms

The shift to online banking, including online applications for unsecured credit, has enabled perpetrators to exploit these services, including obtaining credit cards under victim survivors' names without their knowledge. Perpetrators may also coerce victims to share online account details, including PINs. Vulnerable cohorts, such as those with language barriers, disabilities, or older people may disclose this information out of necessity when seeking assistance, making them susceptible to financial abuse.

Online payment transfers have been used by abusers to send threats and abuse and is well documented. Australian banks have responded to this issue, using Safety by Design principles to develop responses to this form of technology-facilitated abuse[14]. The ABA has also published guidance on how to respond to this type of abuse[15].

The closure of bank branches increases the risk for people vulnerable to financial abuse[16], as lack of access to a branch means people must rely on online banking.

Face to face interaction with branch staff may make it harder for perpetrators to act undetected, particularly where branch staff have received training on financial abuse. In-person signature requirements for credit applications also provide safeguards that may not be present in online environments. Branch access reduces the need for vulnerable individuals to rely on third parties to assist them for online transactions where they face challenges navigating systems, reducing the risk of potential abuse.

The recent Parliamentary Inquiry into Bank closures in regional Australia Committee Report recognised the importance of access to financial services for regional and remote communities.

Q2. The effectiveness of existing legislation, common law, and regulatory arrangements that govern the ability of financial institutions to prevent and respond to financial abuse *(including the operation of: the National Consumer Credit Protection Act 2009; the Privacy Act 1988 (Cth); the Australian Securities and Investments Commission Act 2001; the Insurance Contracts Act 1984; legislation and statutory instruments for superannuation; state and territory laws and regulations)*

It is critical that financial services laws help both prevent and reduce harms experienced by victim survivors of economic and financial abuse.

Design and Distribution Obligations and responsible lending requirements

Given the growing prevalence of weaponisation of financial products and services, reference to the risk of misuse for financial abuse should be included in Design and Distribution Obligations guidance.

Family violence often severely impacts victim survivors' ability to manage mortgage payments or secure credit after leaving an abusive relationship (see also further below).

While responsible lending obligations provide crucial consumer protections and help detect financial abuse, they can also create barriers for victim survivors seeking to refinance. Consideration needs to be given to appropriate regulatory relief and improved processes for credit repair to support victim survivors in maintaining mortgages and recovering from credit damage due to financial abuse[17].

For more detail on these proposals, refer to the Centre for Women's Economic Safety's (CWES) report *Designed to Disrupt: Reimagining banking products to improve financial safety*, which Ecstra broadly supports.

[14] CWES Discussion Paper 1
[15] See ABA Industry Guideline 'Preventing and responding to family and domestic violence'
[16] See EARG submission to the Inquiry into Bank Closures in Regional Australia (April 2023).
[17] CWES Discussion Paper 1

Buy Now Pay Later (BNPL)

BNPL products can be weaponised to perpetrate financial abuse. This includes through a perpetrator coercing a victim survivor to open an account or through them fraudulently opening an account in a person's name, without that person's consent.

Legislation introduced to Parliament recently to regulate BNPL as credit and introduce consumer protections is very welcomed. However, we echo concerns of consumer advocates, lawyers and frontline community organisations regarding the adequacy of protections for amounts under $2,000. Financial counsellors report that clients often present with multiple, small accounts which can lead people into debt spirals[18] and BNPL products under $2,000 are attractive to perpetrators of financial abuse[19].

Lack of options for adequate and appropriate financial supports means that some victim survivors rely on BNPL to pay for basics when escaping family violence[20]. This leaves women vulnerable to falling into unmanageable debt spirals from opening multiple BNPL to pay for essentials. Wider policy reform to ensure adequate income supports are also necessary to better protect women fleeing domestic violence from financial harm and insecurity (see also further below).

Insurance Contracts Act

There is growing awareness of the misuse of insurance products to facilitate financial abuse. Examples of misuse include changing or cancelling insurance without the victim survivor's knowledge, damaging property as a joint policyholder and refusing to include a partner's name on policies. Measures to better address domestic and family violence and financial abuse within the Insurance Contracts Act, include:

- the standard cover regime should include 'conduct of others' provisions to standardise the approach of flexibility to pay a claim where a perpetrator has deliberately damaged an asset in the context of domestic and family violence (and other circumstance such as mental illness)[21]
- including a definition of domestic and family violence and financial abuse
- develop financial abuse prevention measures
- require insurers to include a link to domestic and family violence procedures and policy in Key Fact Sheets.

We refer to the CWES's report *Designed to Disrupt: Reimagining general insurance products to improve financial safety'* for more detail on the above regulatory measures, which Ecstra broadly supports.

Impact of intersecting legal responses

Laws and regulations designed without reference to economic abuse and other forms of family and domestic violence inadvertently enables these systems to be misused by perpetrators.

A greater focus on the interaction of laws such as family, privacy, bankruptcy and consumer and credit laws is required to understand and address the impact of these intersections (and often inconsistencies) on victim survivors' experience of navigating the legal system and on the response, recovery and healing period. This is an issue consistently raised by front line organisations and the victim survivors they work with and for.

[18] See media release 'Consumer groups welcome new laws regulating Buy Now, Pay Later as credit but some concerns remain' Consumer Action Law Centre, Financial Rights Legal Centre, CHOICE and Financial Counselling Australia (2024)
[19] See EARG submission to Treasury consultation on Buy Now Pay Later regulatory reforms (April 2024).
[20] See Good Shepherd (2022)'Safety net for sale: The role of Buy Now Pay Later in exploiting financial vulnerability'
[21] See Financial Rights Legal Centre submission to Treasury consultation 'Standardising natural hazard definitions and reviewing standard cover for insurance' (April 2024).

Q3. Other potential areas for reform, such as prevention, protection, and proactive systems *(including existing financial product design, emerging financial products, employee training, culturally appropriate responses, and any other appropriate responses, for example, mandatory reporting)*

Product Design

The National Plan to End Violence Against Women and Children 2022-32 recognises the role that business and industry can play in preventing violence against women through both supporting workplace gender equality and the design of products and services.

As outlined above, the shift to online banking has enabled perpetrators to weaponise some products and services to the detriment of victim survivors.

Through our work partnering with frontline service providers, we are aware that joint accounts and mortgages give rise to particular concerns.

There are many cases where perpetrators have drained balances or maximised redraw facilities, leaving victim survivors with nothing or with increased debts. Instant notifications and alerts on joint accounts enable perpetrators to continue to track and stalk victim survivors. Perpetrators may refuse to contribute to mortgage repayments, with lenders seeking repayment in full from victim survivors.

Products and services design for joint accounts must enable lenders to pursue repayment from the person who has caused the harm rather than the victim survivor. A consistent approach that enables debts to be waived where they can't be recovered from the perpetrator should be developed.

a. Safety by Design

Ecstra supports calls by community organisations for financial institutions to incorporate principles of Financial Safety by Design in their product and service development, implementation and review. This approach centres the experience and voice of lived experience and provides a framework for, and focus on, preventative action.

CWES has identified in its 'Designed to Disrupt' series of reports, products and services that are at risk of misuse and includes design options and recommendations to improve safety[22], which Ecstra broadly supports.

b. Inclusive and accessible products and services information

It is essential that financial product and services information is accessible to all. Lack of access to suitable information creates barriers to support and can enable perpetrators to weaponise products by taking advantage of complexity.

An intersectional approach must be applied, especially for those at increased risk of financial abuse including migrant and refugee women, Aboriginal and Torres Strait Islander communities, and people living with disabilities[23]. Product descriptions and essential service information should be in plain English and translated into community languages.

Creating clear, safe pathways to access services and support is important. The Thriving Communities Partnership's (TCP) One Stop One Story Hub (OSOS Hub) puts these principles into practice. The OSOS connects people to support programs through a single, secure entry point, minimising the need to retell their stories and relive trauma. Banks, telcos, service providers, and funders are collaborating within TCP, and with Ecstra's funding support TCP is undertaking ongoing evaluation and sharing of outcomes.

[22] CWES Discussion Paper 1, CWES Discussion Paper 2
[23] SBS News (2023) 'Financial abuse is targeting the most vulnerable. What's being done about it?'

Access to financial capability support

Victim survivors often face ongoing financial hardship that continues long after the abusive relationship has ended. Financial abuse may also persist post separation.

a. Financial capability services and support

Access to financial information, services and support is critical at all stages of financial recovery and to helping victim survivors build long term financial stability and wellbeing[24].

Women's financial confidence is significantly impacted by family violence. However, confidence can be restored when some control is regained and there is potential for even greater restoration if victim survivors are provided with targeted education and support[25].

Ecstra funds a range of community organisations delivering frontline services that embed financial capability support for victim survivors of financial abuse. The use of co-design principles and embedding lived experience in structuring and delivery of financial capability initiatives for women escaping violence is critical. This is particularly important when working with migrant, refugee and First Nations women to ensure that support is culturally appropriate.

However, awareness of, and access to financial capability programs is often a challenge, particularly for people with complex and intersecting issues. Embedding programs into existing pathways and co-locating services together can help address this.

An effective example of this approach is WestJustice's Restoring Financial Safety project, an integrated multi-disciplinary services partnership between WestJustice and McAuley Community Services, of which Ecstra is a multi-year funder. This service provides legal advice, financial counselling, support and advocacy for women who have experienced economic abuse and other forms of family violence. The impact evaluation data from the project demonstrates the benefits of such a service model[26], with women reporting increased feelings of control of their financial situation after accessing the service.

Financial services organisations should invest in creating effective referral pathways and collaborate with specialist community services and legal centres to ensure victim survivors can access the support they need on their journey to recovery and long term financial stability.

This approach has been adopted by Commonwealth Bank in its CommBank Next Chapter program and partnership with Good Shepherd which delivers the Financial Independence Hub. This service helps those impacted by financial abuse regain their confidence and move towards long-term financial independence.

TCP's OSOS Hub (outlined above) also incorporates an effective pathways model. These types of approaches could be replicated by other lenders, insurers and essential service providers.

b. Awareness raising

Financial institutions and government need to be investing more to raise awareness of the incidence of financial abuse, identifying red flags and how to access support and help when needed. This should be targeted and segmented for different cohorts to ensure appropriate messaging reaches the intended audiences.

Banks frequently communicate with customers around other risks to educate and inform such as scams and fraud. A similar approach could be adopted for financial abuse.

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[24] Fernando, N, (2018) 'When's the right time to talk about money? Financial Teach-able Moments for women affected by Family Violence', Melbourne: WIRE
[25] Ibid.
[26] Restoring Financial Safety: The Transforming Financial Security Project: A partnership between WEstjustice and McAuley Community Services for Women to address economic abuse experienced by victim-survivors of family violence (2021)

Commonwealth Bank's series of ads on financial abuse as part of its Next Chapter program is an effective campaign example. We also note the NSW Government's recent public awareness campaign regarding coercive control.

Raising awareness about the misuse of products beyond the banking sector (such as insurance and other essential services) is needed, where there is often lower community awareness of the risks of financial abuse.

See also further below regarding the role of consumer financial literacy in early intervention and prevention.

Q5. The role of government agencies in preventing and responding to financial abuse

Ensure women's economic security

Economic security is essential to women's safety.

Financial stress and economic insecurity can increase the likelihood of experiencing or escalating violence in a relationship[27]. It not only impacts women's ability to escape family violence[28], but also impacts their continued safety and independence in recovery.

Many women are unable to leave abusive relationships without being forced into extreme financial hardship or poverty[29]. Over thirty percent of women who had suffered physical or sexual violence from a partner felt unable to leave, with a quarter saying the main reason was lack of money or financial support[30]. Fifteen percent of women who left a violent relationship but later return cited the reason for return was that they had no money or nowhere to go[31].

Ecstra notes and welcomes recent progress and measures to address barriers to economic security and advancing gender equality including the Women's Economic Equality Taskforce, the federal government's Working for Women gender equality strategy and specific measures including relating to childcare, Leaving Violence Payments, Parenting Payment eligibility and the abolition of Parents Next.

However, despite these advancements women still face many systemic barriers to economic security and independence. Further social security reform to ensure adequate income support and investments in secure and sustainable housing is crucial to ensuring women's economic security and safety.

Supporting victim survivors towards economic security

Improving access to tailored, trauma-informed training and employment services is critical for victim survivors of family and domestic violence, who often face significant barriers to employment due to the ongoing impact and complex trauma they experience.

Ecstra partners with specialist organisations that offer personalised, trauma-informed training and employment opportunities for women escaping domestic violence, including financial abuse. These organisations fill a crucial gap by providing safe, sustainable employment opportunities, helping women establish financial independence, and rebuild self-esteem and confidence in a supportive environment.

This includes Mettle Women Inc, a national gift delivery service employing women who are experiencing homelessness due to domestic and family violence. Mettle's paid employment program supports WA-based victim survivors into the workforce with training and wrap

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[27] Morgan and Boxall (2022) 'Economic insecurity and intimate partner violence in Australia during the COVID-19 pandemic' ANROWS
[28] Commonwealth of Australia (Department of Social Services) (2022) 'The National Plan to End Violence against Women and Children 2022-2032'
[29] Summers, A. (2022) 'The Choice: Violence or Poverty'. University of Technology Sydney.
[30] Ibid.
[31] Ibid.

around holistic support. 50% of participants at Mettle in 2022 were not allowed access to finances or bank accounts while in an abusive relationship[32].

Two Good's Work Work employment pathways program provides victim survivors of family and domestic violence with paid employment in Two Good's catering business. The structured training programs includes training, mentoring and wrap around financial support. In addition to providing victim survivors with access to paid, safe employment, participants report improvements in their self worth which often has been eroded by the abusive relationship.

Continued and sustainable funding is needed to ensure women escaping family violence are supported to access specialist training and employment services. We note and welcome recent announcements to fund social enterprises and other businesses providing paid employment pathways to people facing barriers to employment.

Building consumer financial literacy and capability

Improving consumer financial literacy is an important early intervention and preventative measure[33]. Building financial knowledge, capability and skills increases people's confidence in managing money, decision-making, awareness of, and warning signs of potential financial abuse.

People with limited digital financial literacy, particularly those experiencing language barriers, disabilities, or older adults, are often more vulnerable to financial abuse.

Ecstra partners with organisations providing awareness initiatives and targeted education programs that destigmatise money conversations and promote healthy financial relationships for a range of cohorts. These approaches all contribute to building awareness of, and preventing, financial abuse.

This includes a focus on young people and young adult relationships[34] through RMIT's interactive "You, Me and Money" program and Ecstra's "Talk Money with Ecstra Foundation" national financial literacy in schools program.

Ecstra welcomes recent federal Budget measures for financial capability and wellbeing initiatives. However, there are opportunities for government to commit to a national financial capability plan to elevate the importance of financial education and ensure greater access to financial education and support across all life stages.

Financial literacy has also been recognised as an important component of improving women's economic security[35], as gender gaps in financial confidence and wealth accumulation persist.

Tax system reform

One area that has received less focus in policy response discussions is the role of tax law and policy. Opportunity exists to address and prevent the misuse of the tax system by perpetrators of economic abuse.

Ecstra provides multi-year funding support to UNSW Tax and Business Advisory Clinic. The clinic offers free tax and business advice, community education and research driven advocacy for people experiencing serious financial hardship. The clinic partners with financial counsellors, crisis and domestic violence supports and pro bono legal services to identify and support clients who otherwise would not have access to tax advice.

[32] See Mettle Women Inc for more information
[33] Fernando, N, (2018) 'When's the right time to talk about money? Financial Teach-able Moments for women affected by Family Violence', Melbourne: WIRE.
[34] Kutin, J.J., Reid, M. and Russell, R. (2019), "Special WSMC edition paper: What is this thing called money? Economic abuse in young adult relationships", *Journal of Social Marketing*, Vol. 9 No. 1, pp. 111-128.
[35] Women's Economic Equality Taskforce (2023), 'Women's Economic Equality 23-33: A 10-year plan to unleash the full capacity and contribution of women to the Australian Economy', see recommendation 6.2

Clinical observations by the clinic found that 65% of financially vulnerable women needing pro bono tax services were also experiencing economic abuse[36]. This equates to over 26,000 financially vulnerable women across Australia each year experiencing economic abuse and having an unmet need for professional tax advice – and this number is likely an underestimate.

The work of the clinic highlights critical gaps in federal policy to help women who are victim survivors of economic abuse through reforms to the tax system.

Tax law and administration are weaponised by perpetrators by placing tax and other debts in the sole name of victim survivors, who are left liable to pay these debts[37].

There is currently no specific recourse for victim survivors of financial abuse to seek debt relief in such circumstances. Reforms to address this could be modelled on the US approach where 'innocent spouse relief' provisions have been in place since 1971, and specific tax relief for victim survivors of initiate partner financial abuse was introduced in 1998[38]. We support calls by the UNSW Tax clinic for similar provisions to be introduced in Australia, and broadly support the recommendations by the clinic in its submission to the Inquiry.

Q6. The funding and operation of relevant agencies and advocacy bodies

Investment in frontline community organisations is critical

Victim survivors of family and domestic violence often face complex financial challenges and debts incurred as part of the abuse. Access to specialist support to help resolve these issues is essential (see also above).

Community legal centres, financial counsellors and other frontline service providers consistently report increasing demand for services, with many organisations having long wait lists for support or turning away women seeking assistance due to funding and workforce capacity and capability constraints.

Further government funding in areas where there is unmet demand, such as for more family violence specialist financial counsellors to support victims of domestic and economic abuse would provide an immediate community benefit.

Organisations such as the CWES's Money Clinics is addressing this important gap and relies on philanthropic support to run the service. Money Clinics provide independent, factual financial information in a one-on-one session with a qualified, female, financial specialist who is violence and trauma informed. The clinics are available in person and online. Demand for Money Clinics is high. During the first four months of 2024 the clinic helped 191 women, with many women presenting with a range of complex issues, including mortgage, insurance, fraudulent debt and tax issues [39].

Navigating these types of issues is complex and time consuming often requiring engagement with multiple financial services organisations, on multiple occasions. As outlined above, co-locating services together can deliver great benefit and holistic support to people and communities. This includes community legal centres such as Redfern Legal Centre's (RLC) financial abuse service. The service assists victim survivors with debts accrued through coercion or fraud, intersecting family law property settlement matters and wrap around legal, financial counselling and social support through an extensive

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[36] Kayis-Kumar A, Noone J, Lim Y, Walpole M and Mackenzie G, 'Tax Accounting for Financial Wellbeing: Quantifying the Unmet need for Pro Bono Tax Advice' (2022) 51(3) *Australian Tax Review* 228-257.
[37] Kayis-Kumar, A., Speidel, C.S. & Book, L 'Squeezing the blood from stones: a comparative analysis of tax relief for victim survivors of economic abuse in Australia and the United States' (2024) and see also Chen V 'Hidden risks of Economic Abuse through Company Directorships' (2024) 47(1) University of New South Wale Law Journal.
[38] Speidel, C.S Patten, A. 'A Practitioner's Guide to Innocent Spouse Relief: Proven Strategies for Winning Section 6015 Tax Cases (2022).
[39] For case study examples, see Guardian Australia (2024)'It was like a lifeline': the money clinics helping women escape financial abuse'

referral system and network to address the complex and intersecting needs many people present with.

The insights and learnings from Ecstra's Women's Economic Security Project[40] reinforces the significant benefits of providing sustainable funding for co-locating services and providing wrap around support.

RLC also leads the National Economic Abuse Reference Group (EARG), bringing together more than 50 organisations across sectors and states, to identify and address systemic issues of family and domestic violence including economic abuse. Ecstra is the principal funder for the EARG.

However, philanthropy cannot be a substitute for government funding for essential community services. Further investment by Government is needed to support frontline service organisations and community legal centres deliver critical support to victim survivors of financial abuse and other forms of family and domestic violence. These organisations also play a crucial advocacy role, informing policy and systems responses. Sustainable funding is critical to ensure this important work is continued.

We note the recent Independent Review of the National Legal Assistance Partnership (NLAP) found that current levels of funding for community legal centres are insufficient to meet Australia's legal assistance needs, especially for groups experiencing vulnerability. The recommendations include recommendations to increase funding to the sector.

Ecstra welcomes the opportunity to discuss the observations and recommendations in our submission.

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[40] For further information, see Women's Economic Security Project: Ecstra Foundation 2023 Impact Report