



12 February 2018

Division Head  
Retirement Income Policy Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Treasury staff,

Thank you for the opportunity to provide some recommendations to inform your decision making in relation to the review of Early Release of Superannuation Benefits. We welcome this review as it addresses a concern raised in our recent 2018-19 Pre-budget submission.

## About us

Connect Health & Community (formerly known as Bentleigh Bayside Community Health).

Connect Health & Community is a not for profit community health organisation that provides a comprehensive range of services. These services include Dental, Physiotherapy, Dietetics, Podiatry, Hydrotherapy, Speech Pathology, Gambler's Help, Community Transport and Activity Programs to name but a few.

Connect Health & Community has a strong tradition of commitment to community participation via volunteering, with an increasing emphasis on consumer representation at all levels across the organisation. It has been in operation for 42 years.

We receive funding from Federal, State and Local Government and work in partnership with other community agencies.

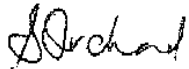
Gambler's Help Southern (GHS) is program of Connect Health & Community and has maintained continuous funding since 1994. GHS is the largest problem gambling service provider in Australia. It encompasses 25% of the Victorian population, operating from 13 geographically, demand led sites across the Southern Metropolitan Region of Melbourne and managed centrally from its corporate office at 2A Gardeners Road, Bentleigh East Vic. 3165.

Gambler's Help Southern provides the following specialist program streams:

- Therapeutic Counselling
- Financial Counselling
- Community Education
- Venue Support
- Specialist Integrated Services Activities

The information provided in this submission speaks to the professional learnings of our staff and their observations from working with a very broad cross section of our community for over 4 decades. .

We invite you to contact Susan Orchard, Financial Counsellor on (03) 9213 2520 [s.orchard@connecthealth.org.au](mailto:s.orchard@connecthealth.org.au) or Alvin Efklides, Operations Manager on (03) 9575 5392 [a.efklides@connecthealth.org.au](mailto:a.efklides@connecthealth.org.au) to discuss any aspect of this submission and our recommendations.

A handwritten signature in black ink, appearing to read 'S Orchard', written in a cursive style.

Susan Orchard  
Financial Counsellor  
Connect Health & Community

Alvin Efklides  
Operations Manager  
Connect Health & Community

## Submission

### Principles underpinning early release

Our financial counsellors regularly work with clients that have had their income reduced due to illness or accident. This can make meeting normal living expenses arising from arrangements entered into while working, unmanageable. We witness the fear of client homelessness; causing them to prioritize rent and/or mortgage repayments, whilst other normal living expenses remain un-serviced.

Depending on the source of income the solutions to managing debts for these clients will vary e.g. a client covered by state transport accident insurances are ineligible to apply for a legal early release of superannuation under hardship grounds as these are limited to those in receipt of Centrelink benefits.

By contrast a person not on Centrelink benefits and with private rental arrears or other normal household debts cannot access an early release on compassionate grounds which only addresses payment of mortgage arrears or medical expenses.

This inconsistency impacts a number of clients who are receiving payments from state transport accident insurances, Workcover or from income protection insurance and are not eligible to use the early release of superannuation provisions. These payment types should be included when assessing severe financial hardship / compassionate grounds.

#### Question 0.1

We are broadly in agreement with the principles underlying the early release provisions.

#### Question 0.2

While the current settings are set at a reasonable level, care should be taken to ensure all other available options are explored and undertaken prior to applying for early release of superannuation.

It is noted that the requirement to make some applications through MyGov hinders many disadvantaged people within the community leaving them unable to access their benefits in a timely manner despite significant financial hardship. This can occur due to lack of access to computer resources often compounded by poor literacy.

### Early release on compassionate grounds

#### Question 1.1

We are of the view that the settings are currently appropriate. We are aware of circumstances where funds prohibit some early release requests as they are not permitted by the trust deed. In order to access fund the superannuant must first change fund. We would, however, suggest that the legislation be amended to ensure all trust deeds reflect the current grounds. This would, we feel, prevent churning between companies in an effort to seek release from a more favourable provider and ensure uniformity across the providers.

However when considering making this assessment more prescriptive it is important that a judgemental element is not introduced. It is the fear of judgement which can result in people experiencing harm related to drugs, alcohol, gambling or mental illness from seeking to renegotiate financial arrangements or seeking access to the financial resources required to facilitate treatment. It is our experience that when working with clients with complex needs that the access to treatment or with reduced security of income creates boundaries to help seeking.

#### Question 1.2

The drive for accessing superannuation release on medical grounds may be impacted by the lack of Medicare funded or community based resources for people experiencing harm related to drugs, alcohol, gambling or mental illness. This leads people to seek support from private providers and access can be limited where the financial resources are not available. The increased access to medical procedures which could be regarded as non-essential or non-urgent should be measured by two independent recommendations to prevent a push to access super by unscrupulous providers

#### Question 1.3

There are some mismatches in the release grounds where a person experiencing significant drug or alcohol addiction is less able to access superannuation to obtain treatment than some seeking benefits for what can be considered cosmetic purposes. This could be achieved by requiring a therapeutic assessment from a drug and alcohol counsellor where these are the grounds for release.

#### Question 1.4

The release should be capped at 1 per annum with an exceptional circumstances process available for a subsequent release arising from a new event or needs unreasonably able to be identified at the time of the original application.

Care should be taken to ensure that these grounds are not used to supplement disability /age care spending for which an allowance has been granted in a NDIS or My aged care package.

#### Questions 1.5 – 1.9

No view is made in relation to these questions. However, we are of the view that medical supports for early release should be required to be accessed in Australia unless this is an emerging treatment only on offer in another country.

#### Question 1.10

Good oral health can be instrumental in supporting healthy eating and positive health outcomes. Where a client, often an older person or migrant, has experience significant deterioration in their oral health there may be a requirement to repair or replace teeth. This could be in the form of crowns or dentures. This would be reasonable grounds for early release of superannuation under compassionate grounds.

#### Question 1.11

Yes as the requirement to ensure “alleviation” of pain may cause some medical professionals to decline to sign an application as there is no certainty in relation to treatment outcomes.

Note when expanding the grounds for a compassionate release there needs to be measures to ensure that costs related to a workplace accident or transport accident are not being passed to the superannuant.

#### Question 1.12

Yes – if releasing monies for a particular form of care the specialist in a relevant field should be required to provide the required assessment.

#### Question 1.13

Yes – regulators should be able to seek further information including a second opinion.

#### Question 1.14

There are many forms of household and to limit this access to funeral costs for a dependant may lead to disadvantage for an extended family member of deceased person. This could be initially funded as a loan with a view that a release is available once there is evidence that there is no estate to repay the loan from.

#### Question 1.15

A fixed maximum should be applied with allowances applied for rural / regional areas where costs may be higher.

#### Question 1.16

We are opposed to this being expanded to a person who is not a named mortgagee as this could lead to elder abuse or family violence. Should this be amended however additional evidence conferring an implied obligation on the third party should be required. This would include a witnessed agreement and evidence money's were regularly being transferred from the person to the mortgage provider.

#### Question 1.17

The increase in contract and casual employment often leads to income uncertainty and reduced likelihood of being able to secure a permanent home. There is a risk that a short period of unemployment will result in the person being in rental arrears. The costs and consequences of breaking a lease and finding new accommodation can increase the risk of homelessness. The amount released to be up to 3 months arrears when there is evidence of financial hardship with funds to be remitted direct to the managing Real Estate Agency. This may be evidenced by a financial counsellor.

Question 1.18

Yes current grounds are fit for purpose.

Question 1.19

Yes, this form of release should be a last resort.

Question 1.20

No there should always be a discretion to ensure that exceptional circumstances are addressed.

Question 1.21

Yes, many of the free or subsidised services available during family breakdown are means tested and exclude a person who may receive a portion of an asset such as a home. In this circumstance a person may be asked for an upfront deposit at the outset of proceedings which is not available. The inability to source funds can lead to financial insecurity caused by ill informed decision making.

Question 1.22

The costs of re-establishing a home or transport can be prohibitive. The access to monies at the time of leaving a relationship are an important tool to protect those leaving an abusive relationship. Where a person has a likelihood of obtaining a financial settlement this can restrict access to supports. The ability to take a loan is limited due to the uncertainty of the financial settlement process. The person should be able to access monies using the compassionate grounds release process. In order to reduce the risk of future superannuation shortfalls the client could be given the option of higher future contribution to enable reparation.

## **Early release on the grounds of severe financial hardship**

Question 2.1

The early release of superannuation provisions relating to hardship be expanded to include those in receipt of state transport accident insurances, Workcover and income protection for 26 weeks and unable to meet reasonable living expenses. The assessment process should mirror what is in place for current early release and hardship schemes. To ensure appropriate payment of funds all remittances are made directly to the creditor.

Similar circumstances arise where a member of a household ceases employment and is not eligible for Centrelink or other compensation. This occurs when the spouse or partner remains in employment and the cause of work separation is not related to illness or injury. In these circumstances the household can experience a significant drop in income and may not be able to manage debt entered into while employed. This could be resolved through the payment of a hardship benefit following an assessment of hardship with reference to evidentiary documentation.

We also see a number of cases where due to work obligations people accept casual or trial employment and are in and out of the workforce. These people are unable to establish a 26 week continuous Centrelink history. We therefore suggest the 26 week assessment include a consideration of 26 week in a 52 week period.

We would suggest that the access to funds on hardship ground be split into 2 categories:

1. those that meet the 26 week in receipt of Centrelink benefits, State Transport Accident, Workcover and those who in all likelihood are in temporary hardship due to insecurity of employment and will not meet the current criteria,
2. those who would fit into the second category should be permitted a single access funds at 50% of the current amount and timeframe.

## Question 2.2

In our experience there is often clear cut evidence that the house hold income is insufficient to meet needs when a statement of position is completed. To establish criteria for making a claim documentation such as employment separation certificates, workcover; insurance remittance slips should be made available. The documentation to support these debts would include bank statements, overdue notices for rent, credit cards and utilities. To ensure appropriate payment of funds all remittances are made directly to the creditor.

## **Victims of crime compensation**

Q3.1 Care should be taken when considering this option as using superannuation to remit court ordered restitution may impact upon non-related parties who in other circumstances would have access the these funds – e.g. single income families where one partner is reliant on the plaintiff and ultimately the superannuation benefits accrued for retirement income. On the whole we do not agree with this proposal.

Q3.2 – 3 No additional comment.

Q3.4 The Bankruptcy Act permits access to funds lodged into superannuation which could be regarded as an attempt to defeat creditor. We feel there are sufficient facilities to access funds through the Bankruptcy Act and no further changes required.

Q3.5-8 No additional comment.