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Submission on Early Release of Superannuation Consultation

About Domestic Violence Victoria (DV Vic)

As the peak body for family violence services in Victoria, DV Vic has a broad membership of over 80 state-wide and regional family violence agencies across Victoria, which provide a variety of responses to women and children who have experienced family violence, including every specialist family violence service in Victoria. Our members also include community and women's health agencies, some local governments and other community service agencies.

DV Vic holds a central position in the Victorian integrated family violence system and its governance structures. DV Vic is also a member of the Australian Women Against Violence Alliance (AWAVA) and the Economic Abuse Reference Group, a group of community organisations which aims to influence government and industry responses to the financial impact of family violence.

Thank you for the opportunity to comment on Treasury's discussion paper on the early release of superannuation. Our comments relate to section 1.22 and the proposal to allow early access for victims of domestic violence. In addition, we note that we agree with the principles raised at the beginning of the paper as the framework for policies on early release but would recommend changing 'genuine hardship' to 'hardship'.

Response to section 1.22: Should access to superannuation benefits be available to assist victims of domestic violence?

DV Vic has considered this proposal and the tensions in balancing the principles of 'preservation' and 'genuine hardship'. The impact of domestic violence on victims' financial security is significant, particularly when economic abuse is part of the violence (estimated in 50-90% of family violence cases¹). Many women return to violent relationships because they can't afford to live elsewhere and have nowhere to go². We recognise that early access to superannuation could provide financial support for women (and their children) at critical moments as they pursue lives free from violence.

However, we are concerned about the impacts of women using their own dedicated retirement savings for this purpose. On average, women retire with less than half the average superannuation payouts received by men, largely due to the impact of the gender pay gap, longer absences from work for caring responsibilities and other factors³. Women who experience additional forms of

¹ Camilleri, O., Corrie, T., and Moore, S., (2015). *Restoring Financial Safety: Legal Responses to Economic Abuse*, Abbotsford: Good Shepherd Australia New Zealand & Wyndham Legal Service Inc.

² Australian Bureau of Statistics. (2017) Personal Safety, Australia, 2016 (Cat. No. 4906.0) Retrieved February 2, 2018 from <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4906.0>

³ Wilkins, R. (2017). *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 15*. Melbourne: Melbourne Institute – Applied Economic and Social Research, The University of Melbourne.

discrimination (due to race, disability, age, sexuality or socio-economic status) are at greater risk of experiencing poverty in retirement⁴. The benefits that could be achieved through early access to superannuation could equally be provided through specialist services that are appropriately funded and access to flexible financial supports. The Commonwealth Government has expressed its commitment to supporting victims of domestic violence; providing well-funded support will ensure that women are not required to trade their retirement savings for seeking safety and security in the short to medium term.

Women's economic security

Gender inequality in areas such as employment, pay and working conditions contributes to ongoing challenges for women in relation to their economic security. Men participate in the workforce more than women across all ages, and women are more likely to work part-time⁵. Women also take on more unpaid care work than men, particularly women with young children. In 2016-17 9.4% of women (and 6% of men) were underemployed, that is they wanted and were available for more work than they currently had⁶. Divorce and separation impacts on women's household income; in Australia a woman's equalised household income falls by 21% following a divorce⁷.

In the long-term this inequity results in large discrepancies in the superannuation payments men and women receive in their retirement. In 2015 the average super balance for a woman in Australia was \$230,907, for men it was \$454,221⁸. 40% of older single retired women experience poverty and financial hardship⁹ and the fastest growing cohort of homeless people is single older women¹⁰. The accumulative impact of the gender gap has a direct impact on women's ability to have an adequate standard of living in retirement, a basic human right.

The gendered difference in earnings and ultimately retirement savings reinforces patriarchal stereotypes about managing money. These attitudes, coupled with financial dependence, create an environment where family violence is likely to thrive¹¹.

Financial impact of family violence (including economic abuse)

The Royal Commission into Family Violence in Victoria recognised the impact of family violence on women's financial security, particularly where economic abuse is part of the violence. Women may have no alternative housing arrangements when they leave a violent relationship, they may need to leave quickly with few possessions or use personal security measures to keep themselves safe in their

⁴ Australian Human Rights Commission, (2009). *Accumulating poverty? Women's experiences of inequality over the lifecycle*. Sydney: Australian Human Rights Commission.

⁵ Australian Bureau of Statistics. (2017) Gender Indicators, Australia, Sep 2017 (Cat. No. 4125.0) Retrieved February 2, 2018 from <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4125.0>

⁶ Ibid.

⁷ de Vaus, D., Gray, M., Qu, L., & Stanton, D. (2015). *The economic consequences of divorce in six OECD countries* (Research Report No. 31). Melbourne: Australian Institute of Family Studies.

⁸ Wilkins, R, Op Cit.

⁹ ASFA, (2011). *Developments in the level and distribution of retirement savings*. Sydney: The Association of Superannuation Funds of Australia Limited.

¹⁰ COTA, (2014). *Submission to the Senate Inquiry into the extent of income inequality in Australia*. Canberra: COTA.

¹¹ Our Watch, Australia's National Research Organisation for Women's Safety (ANROWS) and VicHealth (2015) *Change the story: A shared framework for the primary prevention of violence against women and their children in Australia*. Melbourne: Our Watch.

existing home. The financial hardship and poverty women experience can also have long-term impacts on their health and wellbeing.

Economic abuse ‘controls a woman’s ability to acquire, use and maintain economic resources, threatening her economic security and potential for self-sufficiency’. Economic abuse often continues (or can begin) post separation, when perpetrators use these tactics to maintain power and control. Women can spend years chasing property settlements or child support payments; or discover post separation that debts have been accrued by the perpetrator in their name.

The Royal Commission made a range of recommendations to support victims of family violence in relation to their immediate needs and long-term recovery. One of these (Recommendation 17) was to expand the Family Violence Flexible Support Packages, a form of flexible funding that offers more individualised support to victims of family violence.

Flexible funding supports

Discretionary funding (also known as ‘brokerage funding’ or ‘flexible funding packages’) is increasingly being used to provide greater flexibility and more individualised support for victims of family violence. This form of funding complements funding for case management (rather than replacing it) to give service providers greater discretion in what they purchase for each client to suit their individual needs¹².

In Victoria, Flexible Support Packages (FSPs) packages assist victims of family violence to access support, move out of crisis, stabilise and improve their safety, wellbeing and independence. FSPs build on other flexible funding responses, such as private rental brokerage, and can be used where other available supports (for example local, state or Commonwealth Government services) can’t be provided in a timely manner¹³. The Royal Commission recommended FSPs be expanded to support victims beyond the crisis period and to include longer term rental and mortgage subsidies where required. FSPs are now administered through fifteen specialist family violence agencies and have been used to support women in terms of housing, employment assistance and counselling.

Services for women and children experiencing family violence are funded differently in each state and territory, and services in many jurisdictions remain chronically underfunded. Strained resources mean services struggle to provide tailored support to women experiencing family violence that reflects their individual and often complex needs. In the early release of superannuation discussion paper the Commonwealth Government recognises the difficulties facing victims of domestic violence and “provides support through timely and targeted assistance”. DV Vic encourages the government to consider the supports currently available in every state and territory and facilitate appropriate funding so that the financial needs of victims can be met. It would be incredibly unfortunate if women experiencing family violence were applying to access their super early where flexible funding could provide this support instead.

¹² State of Victoria, Royal Commission into Family Violence: Summary and recommendations, Parl Paper No 132 (2014-16). Vol 2, p.70.

¹³ State of Victoria, Department of Health and Human Services. Family violence flexible support packages program requirements. Retrieved 5 February 2018 from <https://providers.dhhs.vic.gov.au/family-violence-flexible-support-packages-program-requirements-word>

The state's responsibility

Governments hold responsibility for ensuring the safety of the residents, and all Australian governments have identified eliminating violence against women and their children as a policy priority through the *National Plan to End Violence against Women and their Children 2010-2022*. DV Vic supports the submission of the Australian Women Against Violence Alliance (AWAVA) in advocating for comprehensive, universal and human-rights-based approaches to supporting women and children in situations of hardship. Appropriate funding for family violence services for women and children and adequate publicly funded income and other support is a fundamental component of a comprehensive response to this serious social issue. A reliance on an individual's own wealth to support a life free from violence goes against the state's responsibility to keep its residents safe.

The policy objective of superannuation was to preserve dedicated retirement savings to support individuals in their retirement. Data from the 2017 HILDA report shows that a significant proportion of people with low superannuation balances at the time of retirement used those funds to pay off a debt or assist a family member. On average women in this situation were using 70% of their superannuation balance for this purpose¹⁴. Women with a low super balance are already struggling to use these savings to support their own retirement, to ask them to access it early to support themselves in leaving a violent relationship goes against the very aim for which it was established.

Ensuring the 'last resort' principle

If the proposal is to go ahead, DV Vic would recommend a thorough consultation process to ensure that the 'last resort' principle is maintained. Women with lived experience of family violence should be consulted to see whether they would be interested in early access to their super for this purpose, along with family violence services from every state and territory, financial counsellors, community legal services and other relevant stakeholders. Appropriate training, consistent assessments and evidentiary requirements, and strong referral pathways would be crucial to ensuring that all possible avenues for alleviating debts (as raised in the Economic Abuse Reference Group's submission) and seeking financial support have been explored.

DV Vic acknowledges the complexity of this issue, and we recognise there are organisations who share our concerns but ultimately support the early release option as a last resort. We have carefully considered these issues and ultimately take our position on a point of principle. The state as a responsibility to provide adequate and appropriate support to victims of domestic and family violence, and the ability for individuals to recover from the experience of violence should not be dependent on their personal wealth.

If you would like to speak further about the issues in this submission, please contact:

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¹⁴ Wilkins, R, Op Cit.