

18th March 2016

Women and Royal Commission Branch
Department of Premier and Cabinet
1 Treasure Place
Melbourne, Victoria, 3002

By email: genderequality@dpc.vic.gov.au

Dear Women and Royal Commission Branch,

A Victorian Gender Equality Strategy Consultation Paper

Good Shepherd Microfinance welcomes the opportunity to contribute to the development of a Gender Equality Strategy in Victoria, and commends the Victorian Government for their focus on this important issue. Increasing gender equality is inherent to the work of our organisation, and we are delighted to share our views and our experience.

As highlighted by the consultation paper, increasing gender equality is vitally important to Victoria in terms of respect and human rights, and will also have tangible benefits in terms of women's safety, security, health, wellbeing and economic productivity and prosperity.

Our submission highlights the work we are doing as an organisation through our programs and microfinance products, to proactively increase gender equality in Victoria, as well our efforts to promote financial inclusion for women across the broader Australian society.

The key messages of this submission are:

- Women are increasingly using payday lenders to meet the everyday costs of living, suggesting a growing number of women are being excluded from mainstream finance. The recent NAB Wellbeing Index found that an astounding 40 per cent of Australians feel highly anxious – with young women the most affected. Young women typically report the highest levels of anxiety of any group surveyed, and report wellbeing at levels significantly lower than the general population.
- Microfinance loans such as those offered through Good Shepherd Microfinance, increase gender equality and financial inclusion, by offering women a range of safe and affordable financial options at different stages of their financial lives.

- There is a need to raise awareness about the damaging impact of financial abuse as a form of family violence.
- Financial Inclusion Action Plans (FIAPs) are an important vehicle for cross-sectoral collaborative actions to improve financial inclusion and resilience, particularly for women.

The following recommendations are made within this submission:

- Further investment and commitment from the industry and government towards increasing the range of safe and affordable financial products, and services to suit the needs of women, as they move towards financial stability.
- The Victorian Government supports Good Shepherd Microfinance to pilot micro-enterprise loans through our existing microfinance network in Victoria.
- Support from the Victorian Government, towards an inaugural Women's Financial Inclusion Summit to be convened by Good Shepherd Microfinance in the second half of 2016.
- Explore the potential for an online training module addressing economic abuse to be rolled out across government services in Victoria.
- Support and promote the economic empowerment of women in Victoria through the implementation of Financial Inclusion Action Plans (FIAPs) within the Victorian Government and organisations that are funded by it.
- The Victorian Government supports Good Shepherd Microfinance efforts to bring innovation to superannuation in Australia, by encouraging households to combine and equally share superannuation savings.
- The Victorian Government to invest in an innovative program to enable large numbers of public housing tenants to move into home ownership, which would disproportionately positively benefit women.
- Victorian Government to support the expansion of the Good Insurance program across the network in Victoria, enhancing the financial inclusion and resilience of women and their families.

The support of the Victorian Government for the work of Good Shepherd Microfinance is essential to achieving greater financial inclusion for women in Victoria, and the flow on effect of enhancing gender equality.

I would be more than happy to discuss our submission with you further.

Yours sincerely,

Adam Mooney



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About Good Shepherd Microfinance

Good Shepherd Microfinance is Australia's largest microfinance organisation and has successfully delivered a growing range of microfinance products and services for over 30 years. We offer a suite of people-centred, affordable financial programs for people on low income at different financial stages of their lives. Our aim is to enable clients to realise their own economic wellbeing, as they define it themselves, through appropriate financial services. As a result, people feel valued, accepted, included and in control of their own finances and lives.

Good Shepherd Microfinance believes that individuals and families living on low incomes can make sustainable and responsible financial decisions if they have access to the right resources and are protected from exploitative lending arrangements.

We work with 263 accredited community organisations in 670 locations across Australia. Our programs are designed to fill a market gap and serve the needs of the three million people in Australia¹ who are financially excluded.

Good Shepherd Microfinance and its partners have launched and maintained highly successful national financial wellbeing and capability programs recognised by government, corporate partners and communities. These award-winning programs include:

- **No Interest Loan Scheme (NILS):** a community based program providing access to fair and safe credit (up to \$1,200);
- **StepUP:** provides low interest loans for personal or household purposes to people on low incomes in partnership with NAB (from \$800 to \$3,000);
- **AddsUP:** helps people on low incomes develop financial independence through a matched savings incentive (\$500) in partnership with NAB;
- **Debt Deduct:** a pilot program designed to work as a circuit breaker addressing the immediate need for debt relief through the no-interest consolidation loans of up to \$2,000 and the support of a financial counsellor;
- **Good Insurance:** a program that works with Australia's biggest insurance companies to create affordable, simple and effective insurance policies for people on low incomes; and
- **Good Money:** community finance stores delivering financial services in Victoria and South Australia in partnership with NAB and State Governments.

National Australia Bank (NAB) and Good Shepherd started working together in 2003, and since that time NAB has made a commitment of \$130 million in microfinance capital. Together we share a goal to reach one million people with microfinance by 2018.

¹ Centre for Social Impact for National Australia Bank, 'Measuring Financial Exclusion in Australia', April 2014.

1. Safe and affordable financial alternatives

Good Shepherd Microfinance promotes gender equality through financial inclusion by offering safe and affordable financial products in the form of no interest and low interest loans and matched savings products to women who do not have access to mainstream financial services.

Microfinance programs such as NILS, StepUP and AddsUP are essential for ensuring women living on low incomes and their families are not placed at a disadvantage or unable to afford the basic essentials of daily life.

In Victoria in 2015 Good Shepherd Microfinance facilitated:

- \$13.7m to 14,596 women with NILS loans.
- \$1.1m loans to 387 women with StepUP loans.

Through the loan process Good Shepherd Microfinance also has a conversation about money and household finances with each microfinance applicant. These conversations leads to enhancements in financial literacy and confidence dealing with money², as well as building awareness of the high cost of payday lending and goods rentals. This is particularly vital, given research by RMIT University demonstrates how critical the intergenerational impacts of financial literacy are for women and girls³.

At the same time, new research shows a surge in the number of women turning to high cost payday loans in Australia, suggesting that a growing number of women are being excluded from the financial mainstream⁴.

Payday loans are a highly expensive form of credit with high interest rates and associated fees that can force many people into a spiral of debt with borrowers taking out further loans just to cover everyday living expenses.

Our research shows that women are using payday loans more often, and they are also borrowing more. Driven by an increase in online lending and primetime television advertising, the number of women using payday loans grew by 110 per cent in the past decade. Additionally, while the average loan size dropped by \$165, the average loan for women increased by \$165. Single mothers are overrepresented among payday lending borrowers, while 15 per cent of women are single mothers; this research found that almost half of the women using payday loans were single mothers.

In late 2016 Good Shepherd Microfinance will be convening the first Women's Financial Inclusion Summit, focusing specifically on the aspects of financial exclusion that impact women in Australia. The summit will focus on women's access to financial services and how it relates to economic wellbeing, creating economically strong, vibrant and connected communities.

² Good Shepherd Microfinance, Impact of the financial conversation on StepUP applicants' financial literacy and capability, 2015

³ Roslyn Russell, What women want: unravelling the factors underlying women's financial decision-making behaviour, 2013

⁴ Digital Financial Analytics, Women and Payday Lending, 2016

The summit will bring together financial institutions, investors, philanthropists, business, community and policy makers to share best practices and discuss innovative ways to work collaboratively to expand inclusive finance in Australia and globally. The summit will aim to spark innovative ideas and debate, encourage sharing of best practice and develop partnerships for inclusive finance.

Recommendation: Further investment and commitment from the industry and government, to making available a range of safe and affordable financial products, and services to suit the needs of women, as they move towards financial stability.

This will allow organisations such as Good Shepherd Microfinance to continue to increase their capacity to deliver more loans and programs to more women, increasing gender equality through greater financial inclusion. This could include:

- Funding more Good Money stores in socio-economically disadvantaged regions
- Funding more training for our existing network in new products
- Investing in improving the efficiency of our partner network
- Government support to expand the AddsUP program to up to 53 additional sites in Victoria, supporting more women to develop a positive, long-lasting savings habit and increasing their financial resilience.

Recommendation: Victorian Government to support and participate in the inaugural Women's Financial Inclusion Summit.

2. Micro-enterprise development for women entrepreneurs

As Australia's largest microfinance provider, Good Shepherd Microfinance has found that access to small amounts of safe, affordable and appropriate credit can expand employment opportunities via access to work-related assets such as a car or tools, or the establishment of micro- businesses. Our strategic priorities⁵ highlight micro-enterprise as an additional pathway for clients to achieve financial resilience.

We are developing a micro-enterprise development program that will offer opportunities to enhance workplace skills, establish businesses and encourage self-employment, for disadvantaged people in locations with lower incomes. A key aspect of the program will be co-creation of appropriate solutions with targeted clients, providing training, mentoring, support and micro-credit in collaboration with partners. The program will reach Australia's most vulnerable people, with a focus on women, youth, Indigenous and CALD community groups, particularly those on income management. Good Shepherd Microfinance has in-depth knowledge and experience working with this demographic, through our long history of award-winning small loans. Importantly, we will leverage learnings from our Good Money stores, a joint venture with National Australia Bank (NAB) and state Governments. The proven success of this model offers customers an integrated service, incorporating affordable loans and matched savings with referrals to complementary community-based services.

⁵ Good Shepherd Microfinance, Count Me In: Strategic Direction 2013-2018

The program will target areas of higher disadvantage that are currently under-served by existing CDFI's that offer micro-enterprise services, and that are experiencing a web of disadvantage that limits life opportunities including social wellbeing, health, community safety, access to housing, education, finance and employment.

Recommendation: The Victorian Government support Good Shepherd Microfinance to pilot micro-enterprise loans through our existing microfinance network in Victoria.

3. Raising awareness of financial abuse

It is estimated that around 2 million Australian women will have experienced family violence; around 80% of those may have experienced financial abuse yet awareness of the issue is so low that many women who have experienced financial abuse don't identify themselves as victims.

Research by Good Shepherd Australia New Zealand and the Wyndham Legal Service shows that financial abuse can include any of the following⁶:

- Not being allowed to work.
- Being coerced into signing loan documents.
- Having household debts being put in their name.
- Being denied access to a car while making the loan repayments.
- Having their name on a contract but being denied access to the service (phone, car, credit card etc.).

Unlike physical violence, financial abuse and the impacts of financial abuse often continue even after a woman leaves a violent relationship, thus diminishing her capacity to achieve economic security and independence. Financial abuse and the consequences for women and children cannot and should not be underestimated.

There is a need for general and specialist information and education about financial abuse. According to the Women's Information and Referral Exchange (WIRE)⁷:

"...information should be specifically targeted at service providers, legal and health professionals, and those working in relevant institutions, including banks and other financial services, real estate agencies, schools and child care facilities as well as government agencies such as the Child Support Agency and Centrelink."

Good Shepherd Microfinance launched an e-learning module Women and Money: An Introduction to Financial Abuse in mid-2015 in conjunction with ASIC. The program has since been rolled out to the 1,500 microfinance workers and volunteers involved in delivering in the No Interest Loans Scheme (NILS) and StepUP Loans to help them identify financial abuse among clients and make appropriate referrals to support services. One of the top five reasons women stay with violent

⁶ Good Shepherd Australia New Zealand, Restoring Financial Safety: Legal Responses to Economic Abuse, 2015

⁷ WIRE, Relationship Problems and Money: Women talk about financial abuse, 2014

partners relates to finance, so by tackling financial abuse we believe we are also addressing family violence more broadly.

The financial conversations frontline workers have with clients give them a unique opportunity to identify financial abuse, and refer them to family violence support services. While a borrower is unlikely to identify financial abuse as the reason for their loans, that doesn't mean it isn't – we want our network to be familiar with the tell-tale signs of financial abuse and to have the confidence and skills to raise the issue, should this be appropriate.

Recommendation: Explore the potential for an online training module addressing economic abuse to be rolled out across government services in Victoria.

Good Shepherd Microfinance recommends that government frontline workers be given the opportunity to undertake specialised training in recognising victims of financial abuse and referring them to appropriate services. The e-learning module developed by us in partnership from ASIC and the Office for Women is available to any organisation, and is customisable depending on each specific context.

4. Financial Inclusion Action Plans

Good Shepherd Microfinance is committed to the economic empowerment of women through greater financial inclusive practices across Australia. In collaboration with the Australian Government, Ernst & Young and Centre for Social Impact, we have launched the Financial Inclusion Action Plan program (FIAPs), which aim to create a national network of organisations across sectors, industry peak bodies and governments that are actively committed to financial inclusion across Australia, with specific focuses on:

- Economic empowerment of women
- Innovative solutions to financial exclusion through technology
- Impact measurement and consistent data collection
- Cross-sector cooperation to enhance learnings and impact
- Design, implement and advocate effective evidence based policy
- Increasing engagement of customers/clients through financially inclusive products, services, and promotion

FIAPs actively engage organisations to explore opportunities within their business and sector to meaningfully support the economic empowerment of women. A number of organisations have already made a commitment to financial inclusion, including the Queensland Government.

Across the world, women face a significantly higher risk of financial exclusion and poverty, this is no different in Australia. There are a multitude of factors that contribute to systemic and societal exclusion for Australian women. These factors include, but are not limited to:

- Under-employment, unpaid employment and unemployment⁸

⁸ Australian Government Workplace Gender Equality Agency, Gender workplace statistics at a glance, February 2016

- In some cases, being the sole-carer of one or more dependents
- Impacts of gender-based violence, of all kinds including financial abuse⁹
- Existing gender pay gap¹⁰
- Lower financial capacity and resilience following divorce or marriage breakdown
- Lower levels of financial literacy for some key skills and behaviours¹¹

In Australia, financial inclusion can be viewed as a gendered issue, particularly where gender inequality affects workplace participation, lifetime earnings and rates of domestic violence. FIAPs assist organisations to identify opportunities across their products, services, operations and leadership where they can play an active role to promote inclusion for all stakeholders, especially women.

Recommendation: Support and promote the economic empowerment of women in Victoria through the implementation of Financial Inclusion Action Plans (FIAPs) within the Victorian Government and organisations that are funded by it.

5. Good Super Future

Good Shepherd Microfinance is concerned with the gender inequity in the superannuation and retirement savings system in Australia, as highlighted by ANZ who found that women on average retire with just over half the superannuation of men¹².

We are keen to leverage our expertise and our reputation to promote innovation in superannuation in Australia. Our approach aims to value the equal contribution of adult household members involved in paid and unpaid work, including caring, having children, volunteering and employment.

The program we envisage will enable families, couples and households to have a conversation about superannuation, and will provide referral pathways to pooling superannuation contributions that are then shared equally in individual superannuation funds.

Recommendation: The Victorian Government supports Good Shepherd Microfinance efforts to bring innovation to superannuation in Australia, by encouraging households to combine and equally share superannuation savings.

⁹ WIRE, Relationship Problems and Money: Women talk about financial abuse, 2014

¹⁰ Australian Government Workplace Gender Equality Agency, Gender workplace statistics at a glance, February 2016

¹¹ ANZ, Survey of Financial Literacy in Australia, May 2015

¹² ANZ Women's Report, Barriers to Achieving Financial Gender Equity

6. Transition to home ownership

A shortage of affordable housing in Victoria is keeping women trapped in domestic violence situations and increasing their risk of homelessness¹³. There is evidence to show that private rental costs are too high for single mothers and that almost half the 60,454 women who sought help from homelessness services in the state in 2013-14 reported domestic violence as their main reason for seeking assistance¹⁴.

For those living in social housing, the prospect of owning their own home is out of reach - perpetual rent payments hinder their ability to save sufficient funds for a house deposit.

Good Shepherd Microfinance has developed a program that aim to enable some of the stronger cohorts in public housing to transition to home ownership. This will enable liquefaction of public housing and Government assets and free up resources which can be re-directed to support other homelessness initiatives. This program will aim to enhance gender equality by increasing access to home ownership among public housing tenants, and we anticipate this will disproportionately positively benefit women.

The concept is has yet to be fully developed, but fundamentally involves a social partnership between a bank, a public housing landlord (e.g. a State Government) and a public housing tenant.

This program will:

- Address the deficit of public housing. The alternative, private rental market, now has over 600,000 families and single people living in housing stress as rental costs continue to increase for over five straight years at a rate outstripping CPI.
- Help public housing tenants build equity, reducing the likelihood of regression into financial difficulty;
- Free up landlords' capacity to accommodate financially disadvantaged people in public housing; and
- Reduce the strain on government resources dedicated to combating homelessness and helping people in difficult financial circumstances.

Recommendation: The Victorian Government to invest in an innovative program to enable large numbers of public housing tenants to move into home ownership, which would disproportionately positively benefit women.

7. Good Insurance

Insurance is an essential component to economic stability. Good Shepherd Microfinance research found the main events that cause people to become impoverished and suffer significant setbacks in their economic wellbeing were: business failure; death of main breadwinner; natural disasters; theft; total and permanent disability; unemployment; and; vehicle damage/accident.

¹³ Making Social Housing Work: Better homes for low-income Victorians (2014), a joint paper of seven peak organisations, Community Housing Federation of Victoria, Victorian Council of Social Service, Council to Homeless Persons, Victorian Public Tenants Association, Tenants Union of Victoria, Domestic Violence Victoria, Justice Connect Homeless Law

¹⁴ As above

Non-insurance leaves people unprotected should they experience a loss, preventing them from confidently accumulating assets or using a motor vehicle. This is especially true for people on low incomes, as they are least able to absorb a financial shock.

One in five adults¹⁵ in Australia does not have general insurance cover for their contents, car or home. To address this, last year Good Shepherd Microfinance launched Good Insurance which works with Australia's biggest insurance companies to create affordable, simple and effective insurance policies for people on low incomes.

This program is currently delivered through selected sites within the Good Shepherd Microfinance network, reaching a higher proportion of women through education and the provision of appropriate insurance products.

Specifically, Good Insurance offers two products:

- Essentials by AAI (in partnership with Suncorp) launched in September 2015 and provided (for first time) accessible insurance cover to people on low incomes. This enables clients to insure a car, home contents or both.
- Insurance 4 That is a single item insurance solution, providing an alternative to traditional contents insurance by enabling people to insure individual items and nominate the insured value of these items. There is also the option to take out additional cover for portable items against theft anywhere in Australia.

Recommendation: Victorian Government to support the expansion of the Good Insurance program across the network in Victoria, enhancing the financial inclusion and resilience of women and their families.

¹⁵ Centre for Social Impact for NAB, 2013