FCVic
Financial Counselling Victoria Inc.

Tuesday 23 December 2025

Dr Andrew Leigh MP
Assistant Minister for Productivity,
Competition, Charities and Treasury

Dr Daniel Mulino MP
Assistant Treasurer and
Minister for Financial Services

The Treasury
Australian Government
Via consultation website: consult.treasury.gov.au

Dear Dr Leigh MP and Dr Mulino MP,

RE: Consultation – Combatting financial abuse perpetrated through coerced directorships

Financial Counselling Victoria (FCVic) welcomes the opportunity to provide feedback to this consultation, informed by the expertise of our member Victorian financial counsellors working in this field including expert Julie Dal Pra (Each) who has been leading in this work.

We are in strong support of the submission made by the Economic Abuse Reference Group (EARG), and we endorse its proposed directions for reform.

Our members work daily with victim-survivors of family violence who are navigating the long tail of economic abuse, often years after separation. Increasingly, this abuse involves the misuse of corporate, tax and regulatory systems. Coerced directorships represent one of the most complex and harmful expressions of this abuse, and one that the current system is poorly equipped to prevent or remedy.

Our submission is intended to complement the detailed evidence and recommendations provided by the EARG by reinforcing, from a financial counselling perspective, the real-world impacts of coerced directorships and the urgency of reform. We particularly wish to emphasise the cumulative harm that arises when corporate law, tax administration, insolvency frameworks and social security systems intersect without a shared understanding of coercive control.

Financial counsellors are increasingly assisting clients who have been appointed as company directors without genuine consent or understanding as to its implications, or who have been coerced into director roles under threat, manipulation or violence.

These clients typically have no access to company records, no understanding of directors' duties, and no benefit from the business. Yet they bear the full weight of liability when the company fails. The debts involved are often substantial, including unpaid PAYG withholding, superannuation guarantee charges, GST, director penalty notices, insolvent trading claims, personal guarantees and associated legal costs. For many, bankruptcy becomes the only perceived pathway forward, continuing to perpetrate the abuse experienced by the victim-survivor and impacting their ability to recover financially – though it is as yet unclear whether certain tax debts would be extinguished in some cases involving fraud by the adult using violence.

These concerns are not new. We have consistently raised issues around the way systems respond to economic abuse in previous submissions to government agencies and regulators. In our recent submissions to [the ATO on taxpayer relief provisions] and [the ATO Vulnerability Framework], we highlighted how rigid administrative processes can compound harm when abuse is not recognised early and responses are not trauma informed. Similarly, our submissions [to AFCA on their Approach to family violence], the [Inspector-General of Taxation on financial abuse in the tax system] and the [Parliamentary Inquiry into financial abuse in the financial services regulatory framework] have repeatedly emphasised the need for system-wide recognition of financial abuse, including where it intersects with business and tax liabilities.

A recurring theme in our work is that coerced directorships are rarely identified at the point of appointment. Instead, they surface years later through enforcement action, debt collection or insolvency proceedings. By this stage, the harm is already entrenched. Credit ratings are damaged, Centrelink payments are disrupted, housing security is undermined and mental health deteriorates. Financial counsellors see clients who are unable to leave violent relationships, or who are drawn back into them, because the financial consequences of coerced business debts are overwhelming.

We strongly agree with the EARG that reforms must go beyond narrow procedural changes and address the underlying power imbalance that allows coerced directorships to occur. Strengthening director appointment processes, improving identity verification and ensuring direct communication with appointees are necessary steps, but they are not sufficient on their own. Without accessible, safe and effective pathways to remove coerced directors and unwind liability, victim-survivors of family violence remain exposed to ongoing harm.

In this respect, the limitations of current removal mechanisms are particularly stark. The expectation that victim-survivors will navigate court-based remedies or complex ASIC processes is unrealistic. These pathways require legal knowledge, financial resources and emotional capacity that many clients simply do not have and find difficult to access through professionals given the lack of a free national service provider with the necessary financial and legal expertise.

We therefore support the call for a dedicated, trauma-informed administrative pathway that allows ASIC to remove non-consenting or coerced directors based on credible evidence of coercion such as support letters from professionals such as financial counsellors or community lawyers, without requiring victim-survivors of family violence to notify or engage with the adult using violence. We also support reforms that allow resignation directly to ASIC where coercion is established, coupled with safeguards to preserve records and protect against retaliation. These measures would significantly reduce harm while improving the integrity of the Companies Register.

FCVic also echoes the concern raised by the EARG about the narrow scope of the consultation. While companies are a critical focus, financial counsellors see economic abuse perpetrated through a range of business and quasi-business structures. Limiting reform to companies risks displacement rather than prevention, with perpetrators simply shifting to less regulated structures. A holistic approach that considers how coercive control operates across the broader corporate and tax system is essential.

Research by Victorian financial counsellor Kirsty Robson through her Masters thesis, *‘Australian Tax Office responses to financial abuse tax debts and the impact on victim survivors’*, features several case studies of financial counsellors who have been working with clients on issues of coerced directorships and significant business debts. These cases have been ongoing for over three years with no resolution, because the system itself is not equipped to recognise financial abuse.

These findings mirror what our members see every day, and as Robson states in her thesis, *‘The creation of policy to intervene, respond, and provide solutions for victim-survivors with financial abuse tax debts is urgent, as the system is implicit in their creation.’*

The need for adequate support services must also be central to any reform agenda. Legislative and administrative change alone will not protect victim-survivors of family violence if they cannot access help to understand their rights, gather evidence and engage with regulators. As the EARG notes, specialist assistance for business-related financial abuse is scarce and in fact, practically non-existent in Australia. Financial counsellors are often the first, and sometimes only, point of support, yet the majority of financial counselling services are not funded or equipped to provide sustained assistance with business issues as they are funded to assist individuals.

The Small Business Debt Helpline provides small-scale once-off financial counselling to small business owners – but it does not provide representation or casework, leaving victim-survivors to self-advocate in challenging circumstances. Victoria had a dedicated small business financial counselling service, run by community health provider Each, which offered dedicated ongoing casework, however funding ceased on 30 June 2025. After this, Each established a micropilot to continue advocating for victim-survivors of business-related financial abuse, however this was immediately at capacity and unable to take on new clients, demonstrating the clear demand in the community.

There is a significant gap of services equipped to manage business debts and complex business-related financial abuse cases. ***Establishing small business financial counselling services nationally which provide dedicated ongoing casework, including for business-related financial abuse, must be a focus for the Federal Government, to support any reform in this space.***

Finally, we wish to emphasise that addressing coerced directorships is not only about supporting victim-survivors. It is also about improving the integrity of Australia’s corporate and tax systems. Allowing perpetrators to hide behind coerced or nominal directors undermines confidence in public registers, distorts enforcement outcomes and shifts costs onto individuals and the public purse. Holding those with actual control accountable is both fair and necessary.

In closing, FCVic strongly supports the submission of the EARG and urges Treasury to adopt a comprehensive, survivor-centred approach to reform. Coerced directorships sit at the intersection of family violence, corporate regulation, an inequitable tax system and economic justice. Meaningful change will require coordinated legislative reform, administrative flexibility and sustained investment in support services. We welcome the opportunity to continue contributing to this work as the consultation progresses.

Thank you for your consideration of the above feedback. Please contact FCVic's Advocacy Manager Amanda Chan on achan@fcvic.org.au if you have further questions.

Regards,

Zyl Hovenga-Wauchope
Chief Executive Officer
Financial Counselling Victoria

This submission is supported by:

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