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The Wesley Report

Financial stress and its
impact on the individual,
family and the community



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Foreword

For almost 200 years Wesley Mission has sought to help the people of Sydney through the practical application of Christianity. We have both preached and practised the Christian message by providing support and welfare to our community. As a result of our commitment, we have delivered a range of services to assist people with a host of complex needs and challenges.

As part of Wesley Mission's new strategic direction, we want to tackle these individual problems by addressing wider societal issues, and find links between single aspects of a person's situation and other broader concerns. We recognise that an individual may come to us with not one but several issues that need addressing, and our approach is to provide care by treating the whole person – and their multiple problems.



To that end, we have taken a step towards understanding one area of considerable importance – financial stress on Sydney households – and undertaken a piece of research exploring its impact on the individual, the family and the wider community.

It is widely recognised that financial hardship impacts on life in many ways – from relationships and personal wellbeing, to the ability to meet daily needs such as adequate nutrition. Some people in our community are actually living on the limits of solvency – it would take one extra financial burden, of say \$40 per week, to leave the household budget stretched beyond capacity.

This report presents findings from a study into the impact of financial stress on people and families in the Sydney metropolitan area. It was conducted in August 2006 by Wesley Mission and a team of social researchers from Urbis Keys Young.

It seeks not only to uncover the extent of financial stress in the community, but the multitude of problems that it contributes to. It reveals how people can ultimately find themselves in a vicious cycle as they struggle to cope with money worries alongside significant challenges such as marital breakdown, substance abuse and violence.

By producing this report, Wesley Mission is hoping to generate conversation about this important issue and work collaboratively with all sectors of our community – including all levels of government, corporates, business groups, other service providers and those in need – to develop practical measures that will make a lasting impact on people in financial stress.

Warmly yours in Christ



Keith V Garner



Executive summary

Australia has one of the strongest economies in the world, with annual real Gross Domestic Product (GDP) growing by an average of 3.5 percent since 1997 (NSW Department of State and Regional Development 2006b). Unemployment levels are low at 4.8 percent (ABS 2006) and productivity rates are among the fastest growing in the OECD, being above the average of 1.8 percent (Department of Foreign Affairs and Trade 2005).

New South Wales is a prime driver of our nation's prosperity, with its economy valued at around 34 percent of Australia's GDP. Sydney alone accounts for almost one quarter of GDP, making it the country's undisputed economic heavyweight (NSW Department of State and Regional Development 2006a).

Yet despite many indicators showing a strong and prosperous economy in Sydney, research undertaken by Wesley Mission suggests a significant proportion of the Sydney population are facing anxiety about personal finances.

It is a matter of great concern that those in a position of financial anxiety are confronted with related issues – relationship breakdowns, gambling, substance abuse and domestic violence to name a few.

Wesley Mission research

In an endeavour to better understand financial stress and its impact, Wesley Mission undertook a research project examining financial literacy, financial stress and the impacts of financial stress on individuals, couples, families and the broader community. In August 2006 a random sample of 400 individuals living in the Sydney metropolitan area responded to a telephone survey exploring these issues (see Appendix A).

This research builds on a relatively small literature looking at financial stress in Australia by examining the situation specifically in Sydney, where housing prices in relation to disposable income are very high and financial pressures may be more significant than other areas of Australia. According to Mercer Consulting (2006), Sydney is by far the most expensive city to live in Australia or New Zealand, and Sydney is ranked 19 in terms of the cost of living in cities around the world. Importantly, Wesley Mission's research was conducted shortly after the 2 August announcement by the Reserve Bank of Australia that interest rates would rise for the second time in three months, to bring the base rate to 6 percent, the highest level since February 2001 (Reserve Bank of Australia 2006). Other significant studies in this area use data from four or more years ago (see, for example, Breunig & Cobb-Clark 2004; Worthington 2006), when the Australian economy was very stable. Further, this research extends the financial stress literature by exploring the relationship between financial stress and family and community impacts.

In this research, financial stress was defined according to Australian Bureau of Statistics (2000) indicators, whereby a respondent was considered to have faced financial stress if they indicated they had experienced one or more of the indicators over the past year.

Financial anxiety has been defined in this research as worry about meeting household expenses over the coming year.

The extent of financial stress and anxiety

The extent of financial stress and anxiety in Sydney is concerning, despite the strong economy of the city in general. This prevalence may be compounded by society's changing standards of what is 'normal' and the increased encouragement and ability for people to borrow (Hamilton & Denniss 2005).

This is supported by anecdotal evidence from staff involved in service provision at Wesley Mission and the recent research undertaken. The research showed:

- One in three households in the Sydney metropolitan area was anxious about their ability to meet expenses for the coming year.
- Four in ten households in the Sydney metropolitan area would be unable to draw on their savings or redraw on their mortgage if faced with an unexpected one-off expense of \$2,000.
- Just under half (45 percent) worried more about money than they used to (following the three consecutive rate rises over 12 months).
- Almost 15 percent of households would find it difficult, or totally impossible, to meet a regular increase of \$40 per week in household expenses (ie rent, mortgage, payments or food bill).
- 81 percent of respondents reported facing some level of financial stress over the past six years.

Interestingly, the research showed that people facing financial stress are not limited to specific geographic areas. The problem is spread across the Sydney metropolitan area. The research showed:

- In all areas at least one in four respondents experienced one of the indicators of financial stress in the past year, as follows:
 - 34 percent of respondents from Sydney's Inner Metro region experienced financial stress.
 - 31 percent of respondents from Sydney's North region experienced financial stress.
 - 33 percent of respondents from Sydney's South region experienced financial stress.

- 25 percent of respondents from Sydney's Mid West & North West region experienced financial stress.
- 45 percent of respondents from Sydney's South West & Outer West region experienced financial stress.
- The incidence of financial stress was particularly marked in the South West and Outer West region, with 45 percent of respondents having experienced financial stress in the last year.
- One in four respondents from the South West and Outer West region had difficulty paying household bills on time, compared to 13 percent of the overall sample.

The impact of financial stress and anxiety on the individual, family and the community

Perhaps the most worrying finding of this study was the serious social problems associated with financial stress and anxiety. The research showed:

- More than half of the total sample (58 percent) said that financial stress had an impact on themselves, their family or the broader community in the past six years.
- There were a significant number of households that reported that financial stress or anxiety contributed to serious social problems such as relationship breakdowns, substance abuse, frequent gambling and violence.

Of the total sample:

- 5.8 percent said worry about money contributed to relationship breakdown.
- 3.5 percent said worry about money contributed to substance abuse.
- 3.3 percent said worry about money contributed to increased or frequent gambling.
- 1.3 percent said worry about money contributed to violence in the relationship.

These findings indicate that the impact of financial pressure is not confined to the individual or the family. Its ripple effect has cost implications for the wider community and places additional pressure on front line government services such as Health, Community Services and Police.

Contributing factors

The research suggests there are three factors that contribute to households finding themselves in a position of financial stress or anxiety:

- Their exposure to credit options.
- Their lack of financial literacy and ability to budget.
- Their lack of knowledge about how they can address financial stress before it becomes a more significant issue.

As highlighted by the Australian Government commissioned *Household, Income and Labour Dynamics in Australia* (HILDA) study, financial stress is not always highly related to income poverty. For instance, in 2003 only 23 percent of those defined as 'poor' reported financial difficulties and conversely, respondents with medium to high incomes do report financial stress (Headey, Warren & Harding 2006). Breunig and Cobb-Clark (2004) make a useful distinction between financial hardship and difficulties with cash flow. They report that financial stress is closely related to income, with financial hardship being much less prevalent in those with higher incomes, but cash flow difficulties persisting at high income levels. Even with the distinction between financial hardship and cash flow problems, it is difficult to separate genuine financial difficulty from financial dissatisfaction.

Debt exposure

The research shows:

- More than three quarters of households have credit cards and almost 40 percent have two or more.
- One third of households have a mortgage.
- Almost a third of households have other loans (13 percent with a personal loan).

Financial literacy

The research shows:

- Almost one in three households do not feel they are managing their household finances well.
- Two thirds of respondents had self-taught financial management skills, 18 percent learnt through family, and less than 20 percent of households had any formal education on money management.
- 38 percent of respondents drew up a budget and kept to it.
- 38 percent had never drawn up a budget.
- About one in four respondents drew up a budget, but did not stick closely to it.

Advice and action

The research shows:

- Despite facing financial pressures, more than half of respondents do not seek advice.
- Of those that do, most discuss the problem or seek advice from family members.
- Less than 50 percent of people who sought external advice found it to be very helpful.
- When faced with financial difficulties the most common action is inaction. Only 17 percent took steps to alleviate financial stress such as budgeting or seeking expert advice, while 18 percent sourced additional funds such as further borrowing, selling assets or working longer hours.

Future direction

Financial stress, whether from genuine financial hardship or financial dissatisfaction, is a problem that needs to be addressed through collaborative efforts of the community, governments and corporations, as it not only impacts on individual households, but has wider economic and social implications for communities.

It appears from this and other research (for example, Breunig & Cobb-Clark 2004), the issue to be addressed is not necessarily financial shortages, but may instead be developing people's ability to manage finances and to manage financial stress.

There is no 'quick fix' for easing financial pressure and its associated impacts. The issue requires wider community focus so that a clear policy and social agenda can be developed to address the issue in a holistic way.

This research serves as a first step in clarifying the role of financial stress in family and social breakdown. Some areas for broader community collaboration are presented in this document. Wesley Mission will be seeking input from all sectors of the community to develop a whole-of-community action plan for the future in the form of a white paper.





SECTION 1

THE EXTENT OF FINANCIAL STRESS AND ANXIETY

Financial stress

While the Australian economy is thriving, with the Sydney metropolitan area in particular driving this economic success, research undertaken by Wesley Mission and a team of social researchers from Urbis Keys Young has revealed that one in three households in the Sydney metropolitan area face significant financial stress.

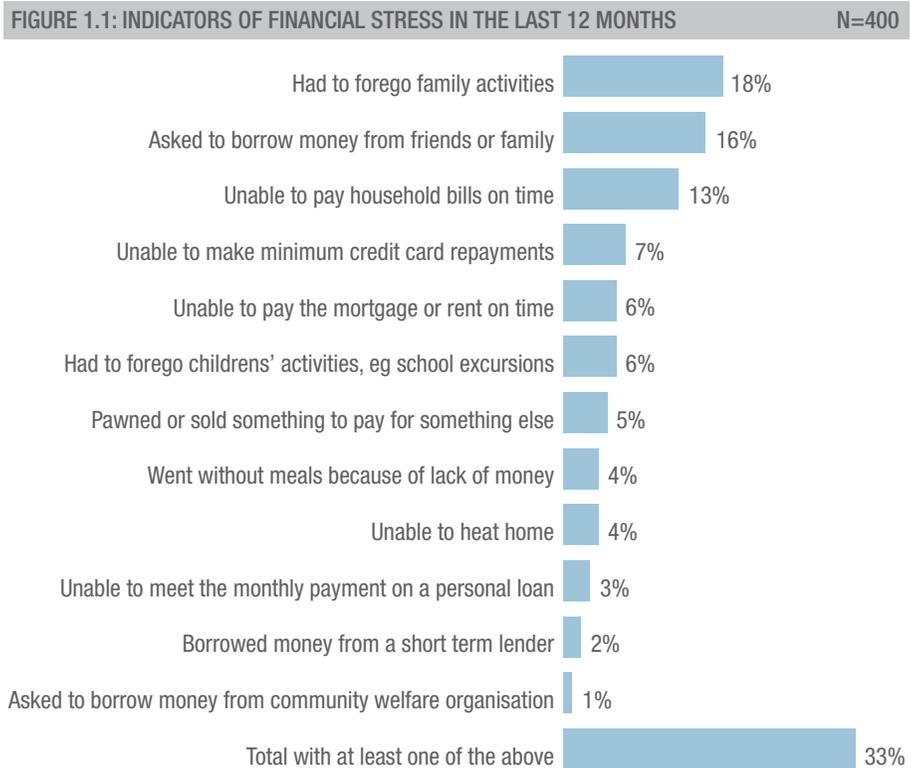
As all people live and budget differently, and have different spending priorities, how can we determine to what degree they are under pressure financially?

The research team used common indicators of financial stress (Australian Bureau of Statistics 2000) to gauge what financial difficulties households have experienced over the last 12 months. Respondents were considered to have faced financial stress if they indicated they had experienced one or more of the indicators over the past year (see Figure 1.1).

One in three respondents, or 33 percent, reported exhibiting at least one indicator of financial stress over the last year.

The four most common indicators of being under financial stress were:

- Having to forego family activities due to a shortage of money (18 percent).
- Having to ask to borrow money from family and friends (16 percent).
- The inability to pay household bills on time (13 percent).
- The inability to make minimum credit card payments (7 percent).



These results are similar to those found in the HILDA survey (Headey et al. 2006), which found that 14.9 percent of respondents could not pay household bills on time and 14.2 percent requested financial assistance from family and friends. Over a three year period from 2001 to 2003, 30.4 percent of respondents reported being financially stressed at least once.

Breunig and Cobb-Clark (2004) report that financial stress is concentrated in households with children. Using statistical modelling techniques, the authors found that the presence of children, regardless of household size, means families are more likely to experience financial stress. They also found that extra income is less effective at preventing financial stress for families with children compared to those without children.

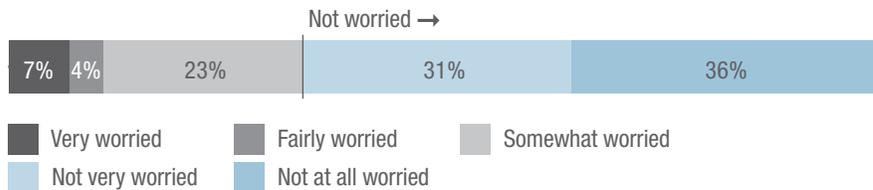
Anxiety about money

Financial anxiety has been defined in this research as worry about meeting household expenses over the coming year. Perceived ability to cover costs over the coming year varied between households.

Some two in three respondents (67 percent) expressed little or no concern about their ability to meet expenses over the next 12 months (31 percent not very worried, 36 percent not at all worried). However, in one in three households, the main decision maker was anxious about this (7 percent very worried, 4 percent fairly worried, 23 percent somewhat worried).

FIGURE 1.2: HOW WORRIED ARE YOU (IF AT ALL) ABOUT YOUR ABILITY TO MEET YOUR EXPENSES OVER THE COMING YEAR

N=400



Note: Figures may not add to exactly 100% due to rounding.

This parallels a finding in the *Sensis Consumer Report* for September 2006, where 18 percent of a cross-section of 1,500 Australians were either fairly worried or extremely worried about their financial prospects in the year ahead and a further 20 percent were neutral about their prospects in the coming year.

The research team looked at whether financial anxiety levels were affected by circumstances beyond people's control, such as rising petrol prices and interest rates.

More than half (57 percent) of the respondents indicated that rising petrol prices caused them to worry about money more than they used to (16 percent a lot more, 41 percent a bit more). Not surprisingly, those who were already very/fairly worried about money felt the impact of the petrol price rise more heavily (53 percent said the price rise made them worry a lot more) than those who were generally not worried about money (3 percent a lot more).

Of those who weren't worried about money at all, nearly half said the increase in petrol prices had not concerned them (47 percent said price rise had made them worry no more than before).

TABLE 1.1: THE IMPACT OF PETROL PRICES ON CONCERNS ABOUT MONEY

The increase in petrol prices has made me worry about money	Total (n=400)	Impact by general level of worry about ability to meet expenses			
		Not at all worried about money (n=143)	Not very worried about money (n=122)	Somewhat worried about money (n=88)	Fairly/very worried about money (n=44)
A lot more	16%	3%	11%	24%	53%
A bit more	41%	29%	48%	59%	23%
Not much more	15%	19%	18%	7%	6%
No more than before	28%	47%	24%	10%	17%
Not sure	1%	1%	-	-	-

Note: Figures may not add to exactly 100% due to rounding.

Similarly the three consecutive interest rate rises (over 12 months) caused just under half (45 percent) of the respondents to worry about money more than they used to (11 percent a lot more, 34 percent a bit more), with the impact felt particularly strongly by those already anxious. For example, 34 percent of those already very/fairly worried about money said interest rate rises made them worry a lot more, compared with only 1 percent of those who were generally not worried about money.

A number of respondents said the interest rate rises had little or no impact on their money worries. This was the case for:

- 73 percent of those who were not at all worried about money (60 percent worried no more than before, 13 percent worried not much more).
- 56 percent of those who were not very worried about money (30 percent worried no more than before, 26 percent worried not much more).
- 33 percent of those who were somewhat worried about money (22 percent worried no more than before, 11 percent worried not much more).
- 35 percent of those who were fairly/very worried about money (26 percent worried no more than before, 9 percent worried not much more).

TABLE 1.2: THE IMPACT OF INTEREST RATE RISES ON WORRY ABOUT MONEY

The increase in interest rates has made me worry about money...	Total (n=400)	Impact by general level of worry about ability to meet expenses			
		Not at all worried about money (n=143)	Not very worried about money (n=122)	Somewhat worried about money (n=88)	Fairly/very worried about money (n=44)
A lot more	11%	1%	7%	19%	34%
A bit more	34%	26%	37%	47%	30%
Not much more	16%	13%	26%	11%	9%
No more than before	39%	60%	30%	22%	26%
Not sure	1%	1%	-	1%	2%

Note: Figures may not add to exactly 100% due to rounding.

Ability to meet increased costs

With one in three households facing financial pressure, the research team wanted to determine what ability households had to meet unexpected increases in costs.

Respondents were given two hypothetical scenarios that would require additional expenditure, and then asked to rate how easy or difficult it would be to meet this financial demand (see also Headey et al. 2006).

Overall, respondents said they would find it easier to raise a larger amount of money at short notice, than cope with an ongoing but smaller increase in costs.

Scenario 1: \$40 per week increase in household expenses

The first scenario asked respondents to imagine that their household expenses (such as rent, mortgage repayments or food bill) increased by \$40 a week. Some two in three respondents (61 percent) felt it would be very easy (24 percent) or fairly easy (37 percent) to meet such an ongoing marginal increase in expenses. However, 36 percent said this expense would require sacrifices (25 percent minor sacrifices, 11 percent major sacrifices) and 3 percent said they simply could not do it.

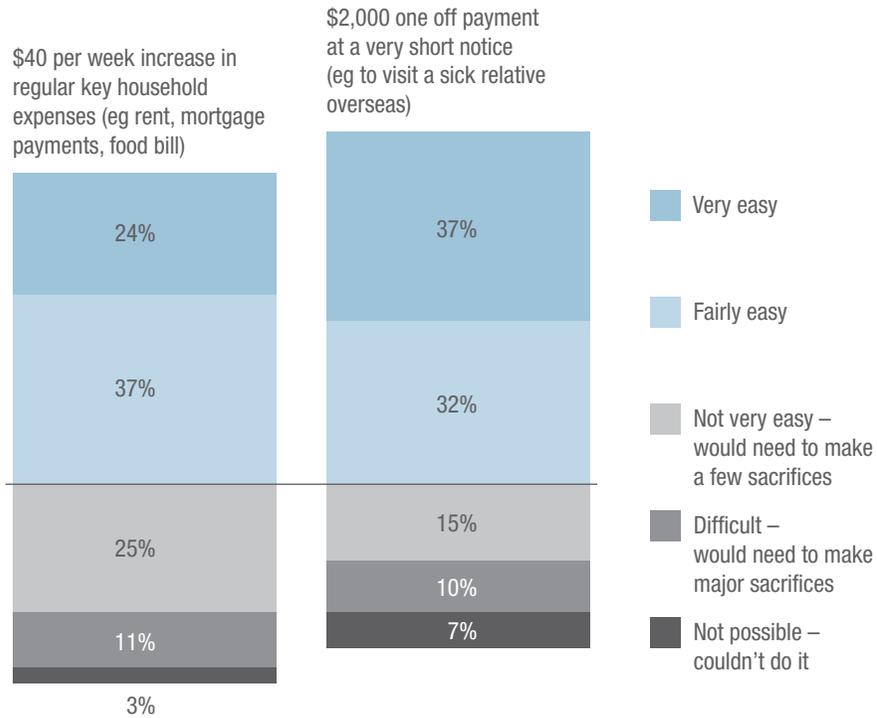
Scenario 2: \$2,000 one-off expense

The second scenario asked respondents to consider the possibility of raising \$2,000 at short notice (eg to visit a sick relative overseas). 69 percent of respondents said they could find the \$2,000 very easily (37 per cent) or fairly easily (32 percent). However, this still left 25 percent who would need to make sacrifices (15 percent minor sacrifices, 10 percent major sacrifices), and the proportion of people for whom this was an impossible cost increased to 7 percent. These results depict a more positive picture compared with the findings of the nation-wide HILDA survey by Headey and colleagues (2006), which found that 12.7 percent of respondents would have to make major sacrifices to raise \$2,000 in an emergency and 26.5 percent of respondents didn't think that they could raise the money at all.

The extent of financial stress and anxiety

FIGURE 1.3: ABILITY TO MEET ADDITIONAL COSTS

N=400

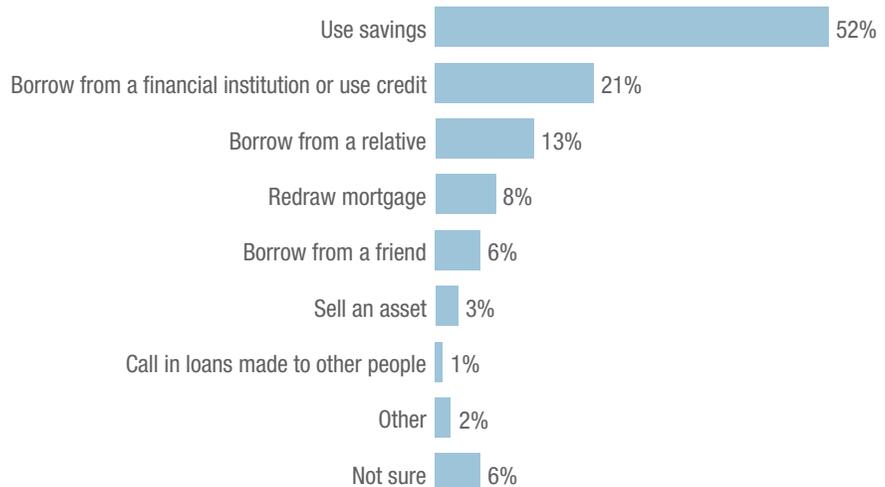


Note: Figures may not add to exactly 100% due to rounding.

Those who felt they could raise the \$2,000 were asked how they would do so. More than half said they could draw on their own resources, for example, by using their savings (52 percent) or redrawing on their mortgage (8 percent).

However, it was also common for respondents to mention charging the expense to their credit card or borrowing from a financial institution (21 percent), or borrowing directly from a relative (13 percent) or friend (6 percent).

FIGURE 1.4: METHOD OF RAISING \$2,000 AT SHORT NOTICE N=327



Note: Multiple responses allowed.

Demographic spread

So what impact does geographical location have on financial security or stress?

The research indicated that the incidence of financial stress was spread almost evenly throughout the Sydney metropolitan area and was not isolated to any one particular region.

In all areas at least one in four respondents experienced one of the indicators of financial stress (see Figure 1.5).

FIGURE 1.5: FINANCIAL STRESS: REGIONAL BREAKDOWN

Region	Council areas	% with financial stress	
Inner Metro (n=82)	Ashfield Municipal Council Botany Bay City Council Burwood Council City of Canada Bay Council City of Sydney	Leichhardt Municipal Council Marrickville Council Randwick City Council Waverley Council Woollahra Municipal Council	34%
North (n=87)	Hunter's Hill Municipal Council Ku-ring-gai Municipal Council Lane Cove Municipal Council Manly Council Mosman Municipal Council	North Sydney Council Pittwater Council Ryde City Council Warringah Council Willoughby City Council	31%
South (n=60)	Hurstville City Council Kogarah Municipal Council Rockdale City Council Sutherland Shire		33%
Mid & North West (n=99)	Auburn Council Baulkham Hills Shire Council Blacktown City Council Hawkesbury City Council Holroyd City Council	Hornsby Shire Council Parramatta City Council Strathfield Municipal Council	25%
South West & Outer West (n=60)	Bankstown City Council Blue Mountains City Council Camden Council Campbelltown City Council Canterbury City Council	Fairfield City Council Liverpool City Council Penrith City Council Wollondilly Shire Council	45%

The incidence of financial stress was particularly marked in the South West and Outer West region, with 45 percent of respondents having experienced financial stress in the last year. One in four (25 percent) respondents from this area also had difficulty paying household bills on time, compared to 13 percent of the overall sample.

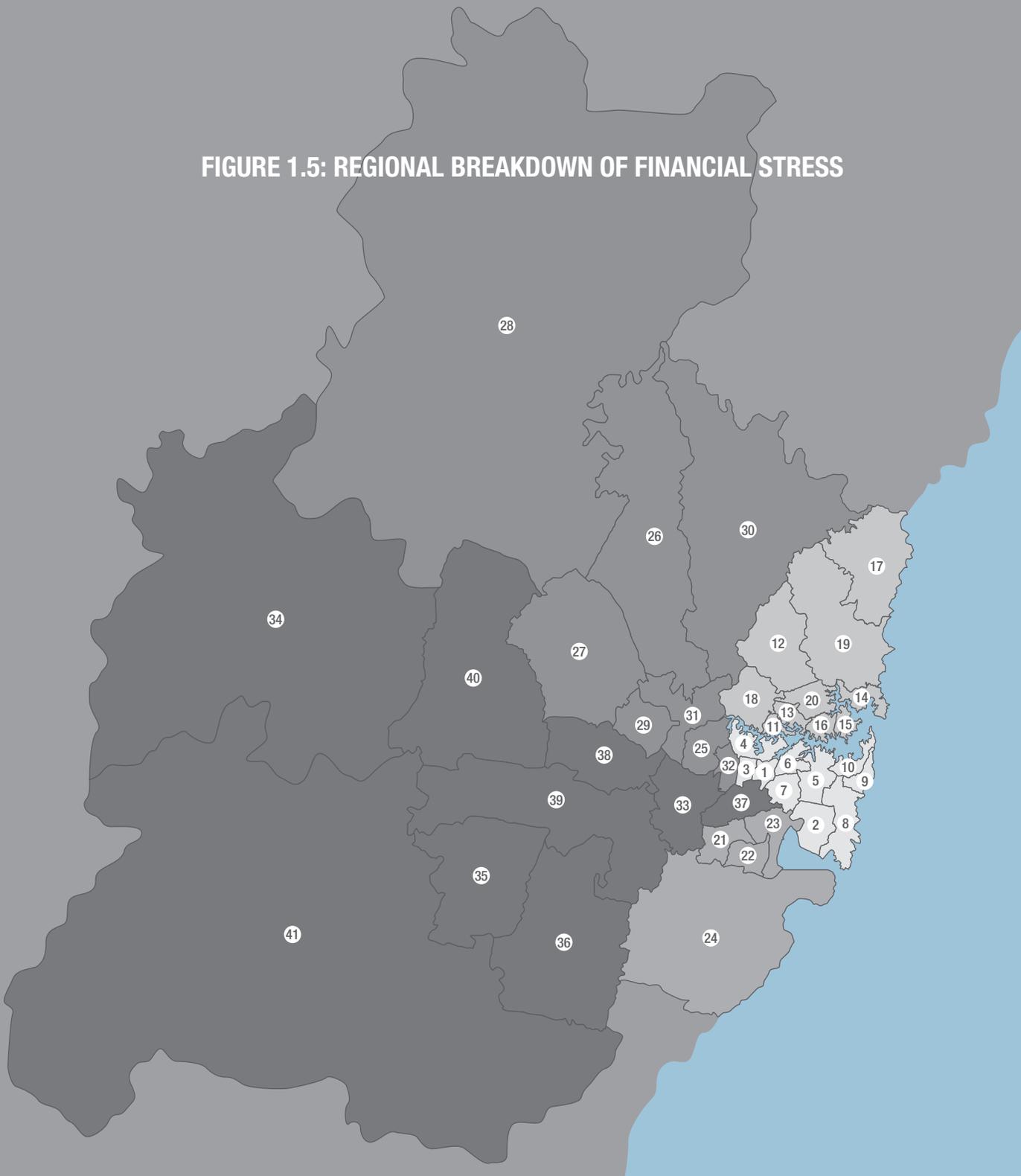
At least one in three respondents from the Inner Metro, North, South and South West and Outer West regions were worried about meeting their expenses over the coming year. Those living in the Mid and North West appeared to be slightly less concerned, with 23 percent expressing worry about meeting expenses over the coming year.

TABLE 1.3: WORRY ABOUT MONEY IN REGIONS OF SYDNEY

Overall, how worried are you (if at all) about your ability to meet your expenses over the coming year?	Geographic region					
	Total (n = 400)	Inner Metro (n=82)	North (n=87)	South (n=60)	Mid & North West (n=99)	South West & Outer West (n=60)
Not at all worried	36%	34%	43%	25%	37%	36%
Not very worried	31%	27%	24%	33%	38%	30%
Somewhat worried	22%	22%	24%	28%	17%	20%
Fairly worried	7%	11%	6%	8%	3%	9%
Very worried	4%	5%	3%	5%	3%	5%
Net worried (somewhat/fairly/very)	33%	38%	33%	42%	23%	34%
Not sure	1%	1%	-	-	1%	-

The extent of financial stress

FIGURE 1.5: REGIONAL BREAKDOWN OF FINANCIAL STRESS

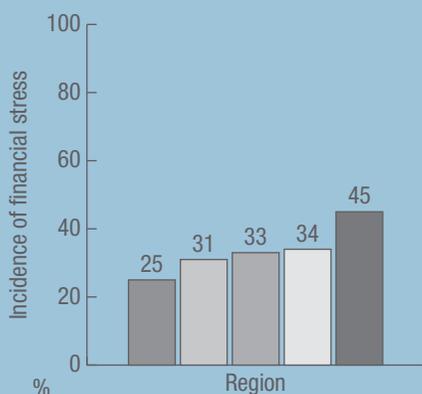


MID & NORTH WEST	25%
Auburn Council	25
Baulkham Hills Shire Council	26
Blacktown City Council	27
Hawkesbury City Council	28
Holroyd City Council	29
Hornsby Shire Council	30
Parramatta City Council	31
Strathfield Municipal Council	32
NORTH	31%
Hunter's Hill Municipal Council	11
Ku-ring-gai Municipal Council	12
Lane Cove Municipal Council	13
Manly Council	14
Mosman Municipal Council	15
North Sydney Council	16
Pittwater Council	17
Ryde City Council	18
Warringah Council	19
Willoughby City Council	20

INNER METRO	34%
Ashfield Municipal Council	1
Botany Bay City Council	2
Burwood Council	3
City of Canada Bay Council	4
City of Sydney	5
Leichhardt Municipal Council	6
Marrickville Council	7
Randwick City Council	8
Waverley Council	9
Woollahra Municipal Council	10

SOUTH	33%
Hurstville City Council	21
Kogarah Municipal Council	22
Rockdale City Council	23
Sutherland Shire	24

SOUTH WEST & OUTER WEST	45%
Bankstown City Council	33
Blue Mountains City Council	34
Camden Council	35
Campbelltown City Council	36
Canterbury City Council	37
Fairfield City Council	38
Liverpool City Council	39
Penrith City Council	40
Wollondilly Shire Council	41



Worthington (2006) argues that financial stress is closely related to basic demographic and socioeconomic characteristics, whereby incidence of financial stress is higher:

- In households with children and also as the number of dependants increases.
- For recent immigrants from North Africa and the Middle East.
- For those reliant on government pensions and benefits.

Financial stress tends to be lower when more householders are earning an income, in owner-occupied housing and when householders have higher levels of disposable income.

Anglicare Australia (Barbato et al. 2006) report that in Australia, many of those who experience financial hardship are reliant on government payments as their main source of income. Other particularly at risk groups identified included sole parent families, families in regional and rural Australia, indigenous families and refugee families.





SECTION 2
THE IMPACT OF FINANCIAL STRESS

The real impact of financial stress

A case study

Helen is 40 years old and works as a retail store manager. Helen's husband John is 45 years old and has worked in an executive position earning \$150,000 per annum. He has been diagnosed with cancer and is now unable to work. Although receiving chemotherapy, John's future does not look very bright. He has no accident/illness insurance.

Helen and John have renovated a house which is valued at \$700,000 and have a mortgage debt of \$500,000. The mortgage repayments are \$1,900 per month.

The couple has four children, a 10 year old, a 12 year old and two teenagers. The children were attending private schools, but have recently moved to public schooling as Helen and John were unable to meet the school fees. The two older children have remained very resentful at having to leave their friends and the 12 year old is now experiencing behavioural problems both at school and at home.

The couple was three months behind on their mortgage and was issued with a 'Notice to Vacate'. As yet, the family has not been able to find alternative accommodation. The Mortgagee changed the locks on the property and the family was unable to get their possessions out. This has added to the grief for the whole family.

Because John is undergoing chemotherapy, he has become very irritable and has emotionally withdrawn from his family. John feels helpless as to how to support his family and as a result feels suicidal – John refuses to attend counselling. Helen is fearful that John will try and kill himself. Helen approached Wesley Mission for counselling support.

The children have now been referred to a Community Health Service for counselling. Helen has been diagnosed with depression and is taking medication. She is very concerned about her family, particularly for their future if John's health deteriorates further.

One of Wesley Mission's financial counsellors worked with Helen to understand her financial situation. John's medical reports were obtained to support negotiations with the mortgagee to give the family time to sell the property at market value and to look around for a suitable property to rent.

The impact of financial stress

With one in three Sydney householders experiencing financial stress, it was important to examine the effect of this pressure on the individual, families and the community.

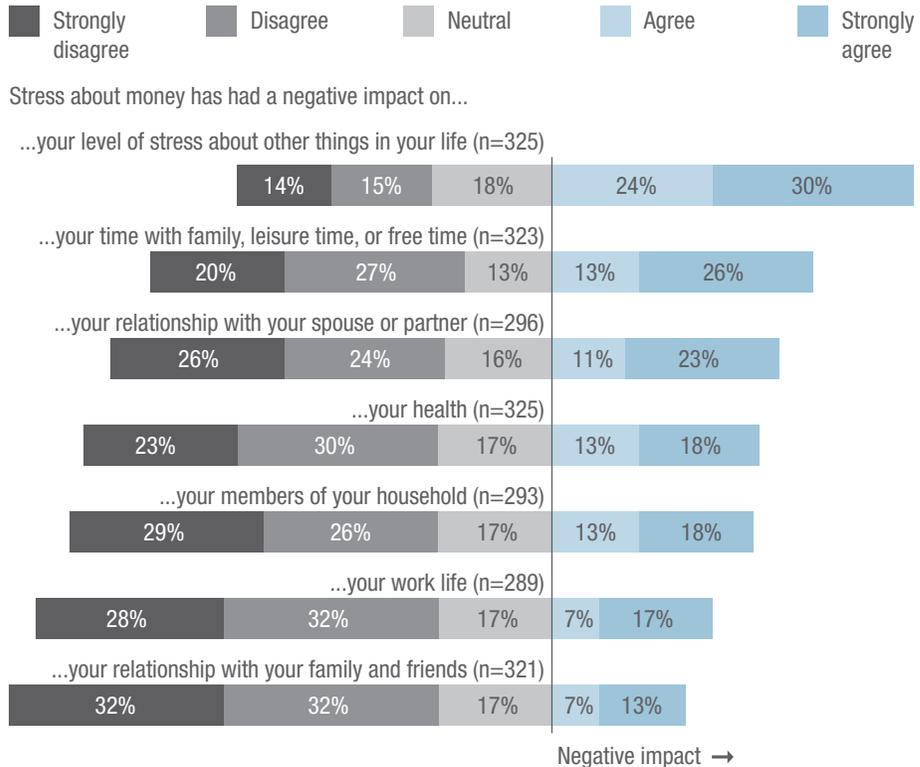
Financial pressures have significant impacts, ranging in severity from tension in the household through to more severe social issues, where financial stress contributes to substance abuse, gambling addiction and domestic violence. There may also be parallels between financial stress and broader social issues currently confronting the community including health issues (such as obesity) and crime.

The research team asked those who had ever worried about money (81 percent of participants) to respond to a series of statements about how anxiety about money had impacted on various aspects of their life and relationships during the last six years (since the year 2000).

In total, 71 percent agreed that at least one of the negative impacts presented had touched their lives. This equates to 58 percent of all respondents.

Among those who had worried about money, the most commonly experienced impact (54 percent) was stress about money having a negative impact on stress in other areas of life (30 percent strongly agree, 24 percent agree). Financial anxiety had a greater impact on close family relationships (34 percent spouse/partner, 30 percent other household members) than broader relationships with friends and family (20 percent).

FIGURE 2.1: THE IMPACT OF STRESS ABOUT MONEY OVER THE LAST SIX YEARS N=326



Note: excludes 74 respondents who said they had never worried about money.
Figures may not add to exactly 100% due to rounding.

Financial stress and spouse/partner relationships

For those participants who indicated that stress about money had a negative impact on their relationship with a spouse or partner, further details were sought about how the relationship had been affected.

Overall, 84 percent of people who were asked these questions had experienced one or more of the negative impacts listed next page. This equates to 27 percent of those who reported they had ever worried about money, and 22 percent of the entire sample.

For the people who answered this question, stress about money most commonly contributed to tension in the relationship (75 percent) and arguments (64 percent). However, it was also common for stress about money to contribute to serious difficulties (30 percent), relationship breakdown or separation (22 percent), destructive behaviours such as heavy drinking or substance abuse (14 percent), increased or frequent gambling (13 percent) and violence in the relationship (5 percent).

TABLE 2.1: HOW MONEY-RELATED STRESS IMPACTS SPOUSE/PARTNER RELATIONSHIPS

	Worry about money had led to negative impacts on their relationship with their spouse/partner in the last six years (n=103)	Had ever worried about money (n=326)	Total sample (n=400)
Tension in your relationship	75%	24%	19%
Arguments	64%	20%	17%
Serious difficulties in your relationship	30%	10%	8%
Relationship breakdown or separation	22%	7%	6%
Heavy drinking or misuse of another substance, either by you or your partner	14%	4%	4%
Increased or frequent gambling, either by you or your partner	13%	4%	3%
Violence in your relationship	5%	2%	1%
Total (one or more of the above)	84%	27%	22%

Relationship difficulties associated with stress about money appeared to be more prevalent in the North and South regions, based on the sample in each area. These results must be interpreted cautiously, however, considering the relatively small sample size. Further research is needed to further explore the impacts of financial pressures on relationships in regions of Sydney.

TABLE 2.2: RELATIONSHIP STRESS IN REGIONS OF SYDNEY

Did stress about money lead to any of the following?	Respondents who had ever worried about money (n=326)	Geographic region				
		Inner Metro (n=65)	North (n=70)	South (n=45)	Mid & North West (n=78)	South West & Outer West (n=60)
Relationship breakdown or separation	7%	3%	10%	13%	1%	10%
Heavy drinking or misuse of another substance, either by you or your partner	2%	2%	4%	2%	-	-
Increased or frequent gambling, either by you or your partner	4%	2%	7%	9%	3%	3%
Violence in your relationship	4%	2%	9%	7%	1%	3%

Financial stress and relationship breakdown

This study found some evidence of a link between financial stress and family and relationship tension and breakdown.

Of the 103 respondents who indicated that financial stress had a negative impact on their relationship with a spouse or partner, 75 percent said financial stress led to tension in the relationship, 64 percent said it led to arguments, 30 percent said it led to more serious difficulties and 22 percent said it eventually contributed to relationship breakdown or separation.

These results are supported by a Relationships Australia survey in 2003 which found that 20 percent of respondents listed financial difficulties and insecurities as a factor impacting negatively on their relationships. Financial pressure was the fourth most common reason behind lack of time spent together, lack of understanding and lack of communication between partners. Those living in urban areas were significantly more likely than those living in rural areas to indicate financial difficulties (Relationships Australia 2004).

The costs to Australia of family breakdowns were assessed at \$3.6 billion per year, including social security payments, court fees and other costs. When indirect costs, including the emotional trauma to children, are added to these figures, the cost to the nation is enormous (Department of Family and Community Services [FACS] 2003).

The implications of family breakdown are also strongly felt by the wider community. Family breakdown has been associated with increases in violence and child abuse (Australian Institute of Family Studies 2003).

Financial stress and parenting

The study shows that financial stress can impact negatively on an individual's relationship with not only a spouse or partner, but also negatively impact other members of their family.

26 percent felt that financial stress had a negative impact on their relationship with a spouse or partner, and 22 percent said financial stress had negatively impacted other members of the household.

The impact that financial stress has on children and parenting is clear from results of a 2004 telephone survey by FACS. The survey found that 42 percent of parents of children aged 0-5 years considered that coping with financial pressures had a medium to high negative impact on their ability to be a parent (FACS 2004).

The FACS (2004) research also found that, notwithstanding higher average family incomes, parents living in metropolitan areas were more likely to report financial pressures as having a medium to high negative impact than those living in non-metropolitan areas. 45 percent of parents living in metropolitan areas reported a medium to high impact, compared with 36 percent of parents living in non-metropolitan areas.

For one in two parents, coping with the financial pressures of parenthood was among the three most significant non-child development issues affecting their ability to be an effective parent. Of these parents, 42 percent had sought advice or information to help them deal with the issue (FACS 2004).

Some comments captured in focus groups conducted for the FACS (2004) research included:

- “It would be handy to have a budget planner for parents – you know with things like nappies and child care included.”
– Parent of child aged 0-5, Sydney
- “The mortgage is the biggest problem now we are back on one income. If interest rates go up, we will be homeless.”
– Father of child aged 0-5, Adelaide
- “We tried to work out what our income will be after the baby is born. Try working out what family payments you can expect from the government.”
– First time expectant parent, Canberra.

Most participants in this study had tried to work out how they would cope financially with the higher expenses of having children or loss of income through the loss of a wage earner. Participants wanted tips and strategies to help establish a budget that was tailored to the types of expenses that parents can expect. Some were also concerned about how they could service their mortgage, particularly in the context of rising house prices and the possibility of interest rate rises. Most participants reported they also needed easy-to-understand information about family assistance and maternity payments that they may qualify for, to be able to establish a budget.

Financial stress and substance abuse

This study indicated that there may be a link between financial stress and relationship problems associated with substance abuse.

For the 103 participants who indicated that stress about money had a negative impact on their relationship with a spouse or partner, 14 percent said stress about money contributed to destructive behaviours such as heavy drinking or substance abuse.

The cost of substance abuse to not only families, but the community in general, is substantial. Drug use and abuse is costing the Australian community in excess of \$34 billion annually (Collins & Lapsley 2002). This figure includes tangible costs of drug abuse, including lost productivity, health care costs, road accidents, fires, and crime and the cost of intangible events including loss of life and pain and suffering.

Financial stress and gambling

This research also suggests that financial stress may be a contributing factor to frequent or increased gambling. Of participants in this study who indicated that stress about money had a negative impact on their relationship with a spouse or partner, 13 percent said it had contributed to increased or frequent gambling.

From Wesley Mission's and other counselling providers' perspective, the cost of gambling to families, communities and government is immense, causing not only financial harm but negative affects other aspects of a gambler's life, including:

- Self-esteem.
- Relationships with family, friends and work colleagues.
- Health – disturbed eating or sleeping habits, exacerbating existing health problems.
- Work performance – absence from work, difficulty concentrating.
- Social activities, for example, losing interest and ability to socialise.
- Increases the likelihood of participating in illegal activities, for example, stealing.

The Productivity Commission NSW report (1998) has also indicated that one in ten of the estimated 330,000 problem gamblers had contemplated suicide as a result of their gambling.

Financial stress and domestic violence

The research indicated that some people experiencing relationship tension related to financial stress also experienced domestic violence.

Of those participants who indicated that stress about money had a negative impact on their relationship with a spouse or partner, five percent said it contributed to violence in the relationship.

The impact of domestic violence on families, communities and government (particularly the health care system) cannot be underestimated.

Domestic violence occurs in all geographic areas of Australia and in all socioeconomic and cultural groups. As most incidences of domestic violence go unreported, it is difficult to measure the true extent of the problem (Parliamentary Library of Australia 2006). However, the Australian Bureau of Statistics Women's Safety Survey found that 23 percent of women who had ever been married, or lived in a defacto relationship, experienced violence by their partner (ABS 1996).

The social and psychological effects of domestic violence include anxiety and depression, increased risk of suicide, alcohol and drug abuse, social isolation, loss of self esteem and confidence, reduced problem solving skills and many more (Parliamentary Library of Australia 2006). As a result, domestic violence contributes to health, counselling, legal and welfare services costs.

In terms of the economic costs of domestic violence, including direct and indirect costs, one study estimated the cost to the corporate business sector was approximately \$1 billion per annum (as cited in Parliamentary Library of Australia 2006) from absenteeism. A study by Laing and Bobic (2002) found that 69 percent of participants reported having to stop work for periods ranging from three months to two years as a result of domestic violence. Furthermore, in 40 percent of cases, friends and family of the victims took time off work to accompany the woman to court, to hospital or to mind children.

Financial stress and the impact on front line services

Financial stress within households contribute to placing extra burden on front line government services, particularly health and policing. The ripple-effect of financial hardship makes it an issue which impacts not only individual families, but communities and governments.

Health

There is clear evidence that financial stress impacts on general health and associated health care. Research shows that health inequalities are skewed towards those in financial difficulty. According to a report by NATSEM and AMP (2003), children in poorer families:

- Often start with below average birth weight.
- Are likely to be less well nourished.
- Do less well in school.
- Are more prone to sickness – with inadequate emphasis on prevention.
- Are more likely to become overweight and do less exercise than other children.

Policing and security

This research suggests that financial stress has the potential to contribute to destructive and anti-social behaviour. This, in turn, places extra pressure on, and has added cost implications for, policing and security services.

Of the 103 participants who indicated that stress about money had a negative impact on their relationship with a spouse or partner, further details were sought about how the relationship had been affected.

14 percent said stress about money contributed to destructive behaviours such as heavy drinking or substance abuse, 13 percent said it contributed to increased or frequent gambling, and 5 percent said it contributed to violence in the relationship. All these have the potential to adversely impact on crime rates and in turn, impact on the cost of crime and policing to the community.

A 2003 study published by the Australian Institute of Criminology suggested that crime costs the community up to \$32 billion per year, which equates to approximately 5 percent of Australia's Gross Domestic Product (GDP). This calculation includes both the cost of crime itself, amounting to around \$19 billion, and the estimated costs of dealing with crime, such as policing and imprisonment, which amount to around \$13 billion.

The real impact of financial stress

A case study

Jane is 35 years old and has been separated for the last six months. She has three children under 10 years of age. Jane has no formal work skills or training, and has been 'a stay at home' mum for the entirety of her marriage. Prior to her separation Jane's husband worked in the home building industry and could earn up to \$2,500 per week, however there were some weeks where there was no income and Jane was never sure that there would be enough money to run the house and pay the bills. Prior to the separation, Jane and her husband were in the process of renovating their home. Jane and her husband had a mortgage debt of \$770,000. The house has remained unfinished but upon completion would be worth approximately \$900,000.

The financial situation produced constant tension in the family with Jane's husband blaming her for all their problems. Jane's mental health deteriorated and she has been diagnosed and receiving treatment for depression. Jane was unsuccessful in influencing her husband to attend counselling to sort through their relationship difficulties. Jane's husband subsequently left the family and their home.

Since the separation, Jane has received Centrelink benefits and has attempted to look for work. This has proved difficult as she has been unsuccessful in finding day care for her two year old child. Jane's husband does not pay any child support, as, according to his tax declaration, he doesn't earn enough. Jane has been attempting to exist on Centrelink benefits alone and has been unable to meet all of the bills.

As most of the debts are in joint names and because Jane has continued to live in the family home, she was worried that the bank would foreclose on the mortgage and she would be locked out of the house and subsequently lose all the household possessions.

Jane received a 'Statement of Claim' from the bank and had 21 days to file a defence. At the time of seeing a financial counsellor at Wesley Mission, Jane was in a very depressed and tearful state. The children do not understand why they don't see their father, they have been acting out and their behaviour has been difficult to manage. As a consequence, Jane has had additional stress and worry. Jane has no forwarding address for her husband, although she has been told that he is now residing with another woman.

Jane has decided to move interstate to live with her parents so that she will have emotional support and assistance with the care of her children. Jane is also aware that the move will be difficult for her children who will need to leave their school and friends. Jane wants to be free from financial worry so she can start again. She is planning to divorce her husband as soon as the financial situation is solved. Jane has decided that going bankrupt is the only solution and, with the assistance of Wesley Mission, has now lodged the appropriate paperwork.





SECTION 3
CONTRIBUTORS TO FINANCIAL STRESS

Contributors to financial stress

Why are one in three Sydney households experiencing financial stress, and what factors have contributed to households and families experiencing such financial pressures?

Having examined the extent of financial stress facing Sydney households and the implications for individuals, families and communities, Wesley Mission's research team explored the factors which contribute to this financial anxiety.

As highlighted by the Australian Government commissioned *Household, Income and Labour Dynamics in Australia* (HILDA) study, financial stress is not always highly related to income poverty. For instance, in 2003 only 23 percent of those defined as 'poor' reported financial difficulties and conversely, respondents with medium-to-high incomes do report financial stress (Headey et al. 2006). Breunig and Cobb-Clark (2004) make a useful distinction between financial hardship and difficulties with cash flow. They report that financial stress is closely related to income, with financial hardship being much less prevalent in those with higher incomes, but cash flow difficulties persisting at high income levels.

"While the incidence of financial hardship declines relatively quickly as income increases, cash flow problems continue to be pervasive even at relatively high income levels" (Breunig & Cobb-Clark 2004, p.3).

Even with the distinction between financial hardship and cash flow problems, it is difficult to separate financial stress from genuine financial difficulty and financial stress resulting from financial dissatisfaction.

As Breunig and Cobb-Clark (2004) note, the high incidence of cash flow problems, (28 percent of households) "might be an indication of the fragility of people's financial situations. If a household's budget is so tight that they are periodically forced to miss utility or rent payments, then the household may only be a few missed pay cheques, a layoff, or a serious illness away from disaster. In combination with the warnings in the international press about Australia's property boom and high levels of household debt, this possibility should be a serious policy concern" (p.19).

In order to examine contributors to financial stress, the research looked at understanding financial exposure, financial literacy and the community awareness of potential advice and action.

Financial exposure

Respondents were asked a series of questions about their debt or line of credit circumstances to determine what repayment pressures individuals and families face.

Most respondents (88 percent) reported that they (and their partner if applicable) had at least some form of financial debt or line of credit. This included:

- 78 percent with a credit card (40 percent one card only, 20 percent with two cards, 11 percent with three cards, 7 percent with between four and six cards).
- 31 percent with a mortgage.
- 27 percent with a loan (includes 13 percent with a personal loan, 8 percent with a student loan, 6 percent with a business loan and 6 percent with other personal debts).
- 19 percent with money owing on an investment, eg an investment property.
- 4 percent with outstanding fines to a government body.

In January 2006 ninemsn asked people whether they were taking on dangerous levels of debt to own their own home and 40 percent of the some 35,000 respondents answered 'yes'. An online poll of 3,416 people by the Sydney Morning Herald conducted on 12 September 2006 asked respondents to rate their level of debt, with the following result:

TABLE 3.1: LEVEL OF DEBT IN SYDNEY MORNING HERALD POLL	N=3416
Now unmanageable	5%
Soon to be unmanageable	10%
Just manageable	23%
Reasonably manageable	23%
Very manageable	22%
Don't have debt	17%

These opinion polls suggest that some 40 percent of people are finding their debt either unmanageable or only just manageable.

It is difficult to understand exactly how debt itself contributes to financial stress through empirical investigation, because debt is confounded with income, such that people at higher incomes tend to borrow more for investments and mortgages (Worthington 2006). This means that households with higher incomes also tend to have higher levels of debt.

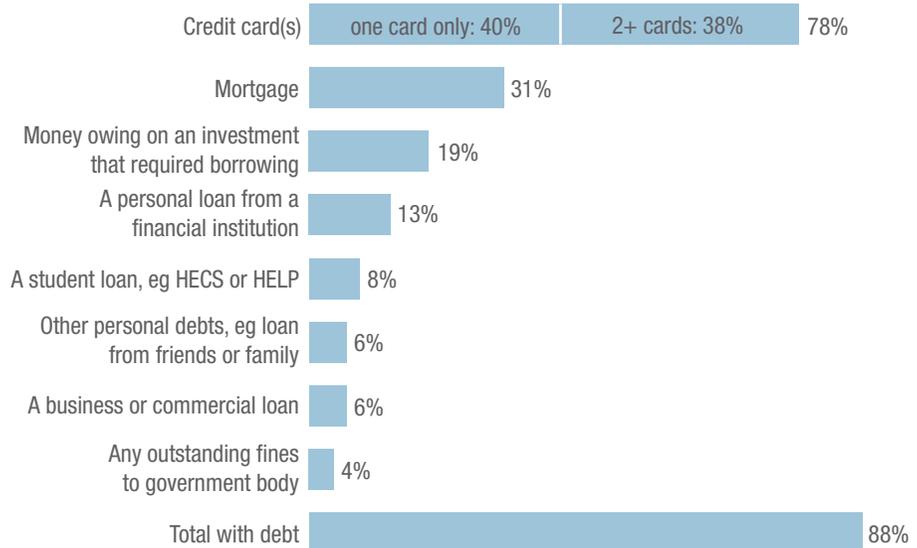
In a study of financial stress and its relationship to debt across Australia, 67 percent of households reported that, on average, they spend more money than they receive each week, as opposed to spending an amount equal to their income or saving money (Worthington 2006). A report by NATSEM and AMP (2004) highlights the prevalence of household debt in Australia, stating that on average Australian households spend 2.3 percent more than their income. While the report argues that many households will be able to cope with these levels of debt, households that aren't able to cope with high levels of debt are a concern that needs to be addressed.

When Worthington (2006) took demographic and socioeconomic factors of households into account, debt had a weak but significant effect on financial stress:

“A real possibility is that households are currently willing to carry high levels of debt with little financial stress, seemingly confident that the capital gains provided by strong owner-occupied and investor housing markets, access to equity loans and other household investments, and a low and stable outlook for inflation and mortgage interest rates will provide financial flexibility for the foreseeable future” (p.13).

FIGURE 3.1: EXISTING ITEMS OF DEBT OR CREDIT

N=400



Financial literacy

Respondents were also asked about their financial literacy – that is, their ability to make effective and informed decisions about how money is managed and used.

Most respondents (71 percent) felt that their household financial affairs were well managed (37 percent very well managed, 34 percent fairly well managed). However, this left almost one in three households where the main decision maker felt that they were having at least some difficulties managing the finances (23 percent average, 5 percent not very well, 2 percent not well at all).

FIGURE 3.2: HOW WELL DO YOU FEEL YOUR HOUSEHOLD AFFAIRS ARE MANAGED?

N=400



Note: Figures may not add to exactly 100% due to rounding.

Those who were less positive about the calibre of their financial management included households with children.

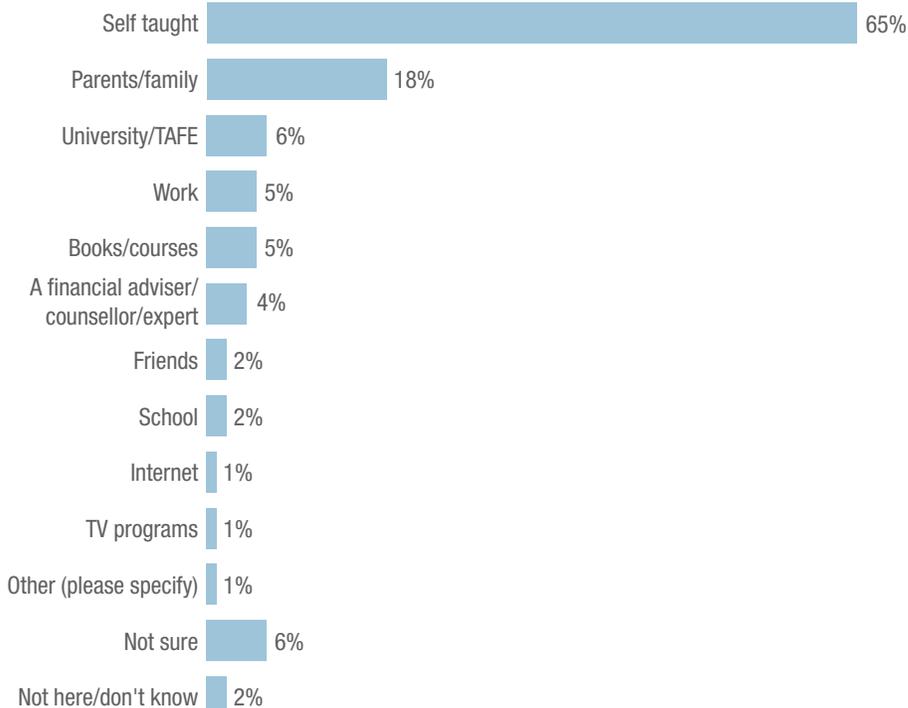
Older respondents and those who fully owned their home appeared to be more positive about how well their household finances were managed.

The most common way respondents had learned about managing money was by informal means (65 percent self instruction, 18 percent from parents/family) rather than by formal instruction (6 percent at university or TAFE, 5 percent through books or courses, 4 percent from a financial expert).

Formal education was more common among males and those with higher socioeconomic status (eg household income over \$100,000 per year, postgraduate education). Parents and family were a particularly influential source of financial management education for females.

FIGURE 3.3: MAIN WAYS I LEARNED TO MANAGE MONEY

N=400



Note: Multiple responses allowed.

Almost two in three respondents (63 percent) reported having drawn up a budget at some time in the past.

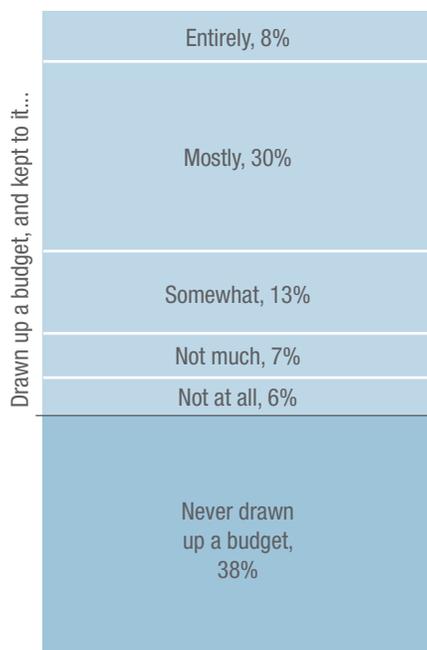
However, fewer than half of the total sample (38 percent) had kept this budget 'entirely' or 'mostly'.

Budgeting was more common among people with higher incomes and with credit cards, loans or mortgages.

Accordingly, budgeting was less common among those aged over 60 years.

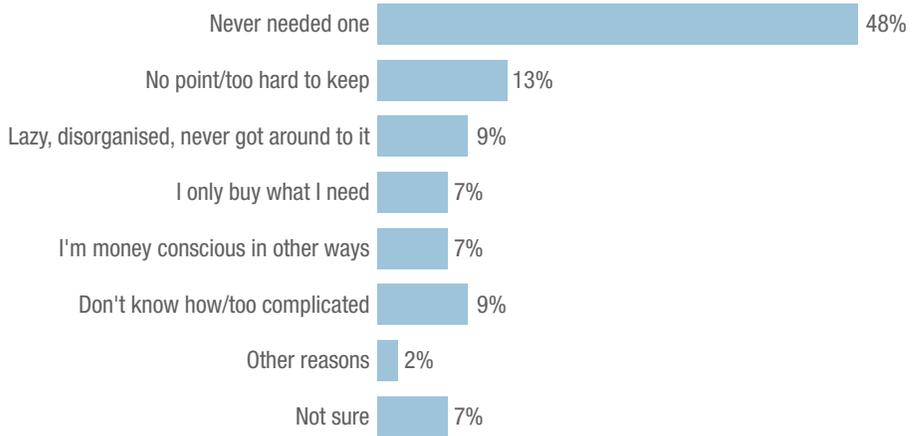
The main reasons for not having drawn up a budget were because of having 'never needed one' (48 percent).

FIGURE 3.4: HAVE YOU EVER DRAWN UP A BUDGET THAT INCLUDES YOUR WEEKLY, MONTHLY OR ANNUAL EXPENSES? HOW MUCH DID YOU KEEP TO THE BUDGET? N=400



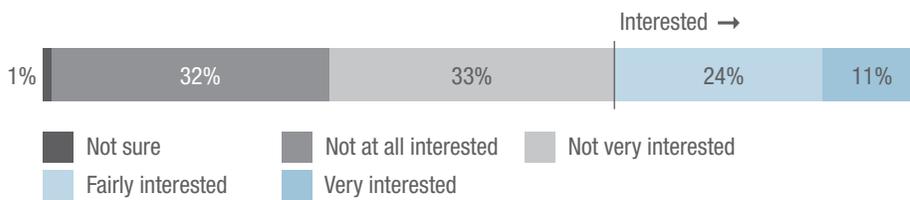
Note: Figures may not add to exactly 100% due to rounding.

FIGURE 3.5: MAIN REASONS FOR NOT DRAWING UP A BUDGET N=150



Overall, some 35 percent of respondents expressed a desire to learn more about budgeting (11 percent very interested, 24 percent fairly interested). In contrast, 33 percent were not very interested and 32 percent were not at all interested.

FIGURE 3.6: INTEREST IN LEARNING (MORE) ABOUT BUDGETING N=400



Note: Figures may not add to exactly 100% due to rounding.

Respondents with credit cards and/or mortgages were asked to indicate their level of awareness about basic parameters around these two forms of debt management.

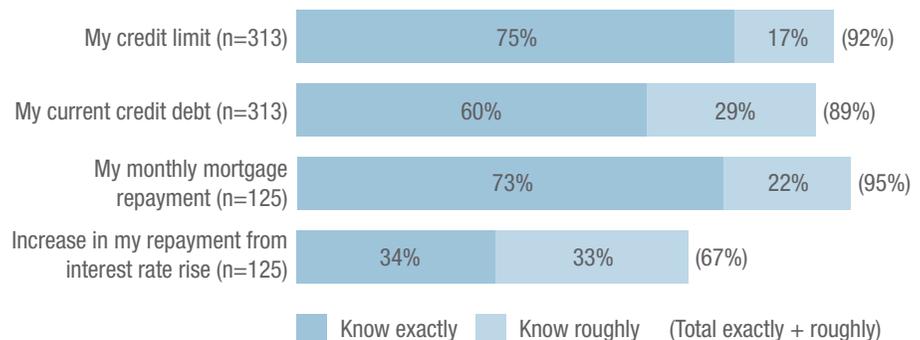
Among those who had a credit card:

- 92 percent knew what their credit limit was (75 percent exactly, 17 percent roughly).
- 89 percent knew what their current balance was (60 percent exactly, 29 percent roughly).

Among those who had a mortgage:

- 95 percent knew what their monthly repayments were (73 percent exactly, 22 percent roughly).
- 67 percent knew how much their repayment had gone up in the wake of the recent interest rise (34 percent exactly, 33 percent roughly).

FIGURE 3.7: KNOWLEDGE OF BASIC CREDIT CARD AND MORTGAGE FIGURES



Advice and action

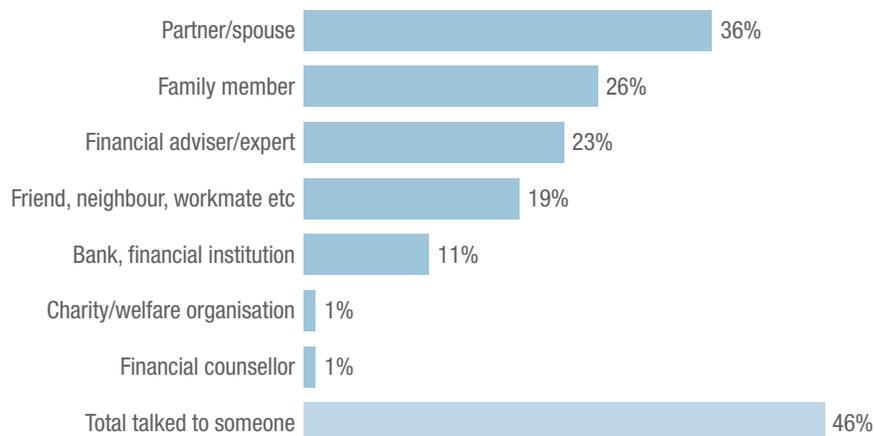
It was important for the research team to determine how people reacted when faced with concerns about finances, and whether they were effective in seeking advice and taking action to alleviate financial pressures.

On the most recent occasion that they had been anxious about money, some 46 percent of respondents had talked about their concerns with someone or sought advice. Mostly, such conversations were held with personal friends, like their partner/spouse (36 percent), another family member (26 percent) or a friend/ neighbour/workmate (19 percent). It was less common for people to have discussed their circumstances with a financial expert (23 percent) or financial institution (11 percent).

The advice given on these occasions was generally felt to be helpful (43 percent very helpful, 41 percent somewhat helpful). This was particularly the case for people who had sought advice from a financial adviser/expert (47 percent very helpful, 50 percent somewhat helpful).

These results, however, indicated that more than half the respondents who were worried about money had not sought advice about their concerns.

FIGURE 3.8: LAST TIME YOU WERE WORRIED ABOUT MONEY, DID YOU TALK ABOUT THIS WITH ANYONE OR SEEK ANY ADVICE? IF YES, WHO DID YOU TALK WITH? N=326



Note: Multiple responses allowed. Excludes 74 respondents who said they had never worried about money.

TABLE 3.2: HELPFULNESS OF THE ADVICE RECEIVED

	Usefulness of advice by source of the advice				
	Total who received advice (n=151)	Partner/spouse (n=54)	Family member (n=39)	Friend, neighbour, workmate etc (n=28)	Financial adviser/expert (n=34)
Very helpful	43%	35%	46%	43%	47%
Somewhat helpful	41%	44%	41%	36%	50%
Not very helpful	9%	9%	5%	18%	-
Not at all helpful	5%	7%	8%	4%	-
Don't know	2%	4%	-	-	3%

Note: These results must be interpreted with caution, considering the small sample size. Figures may not add to exactly 100% due to rounding.

How did respondents use the information they received, and what did they do to attempt to ease their financial burden?

With regard to the most recent occasion on which they worried about money, respondents were asked what, if anything, they had done to resolve/ease their financial difficulties.

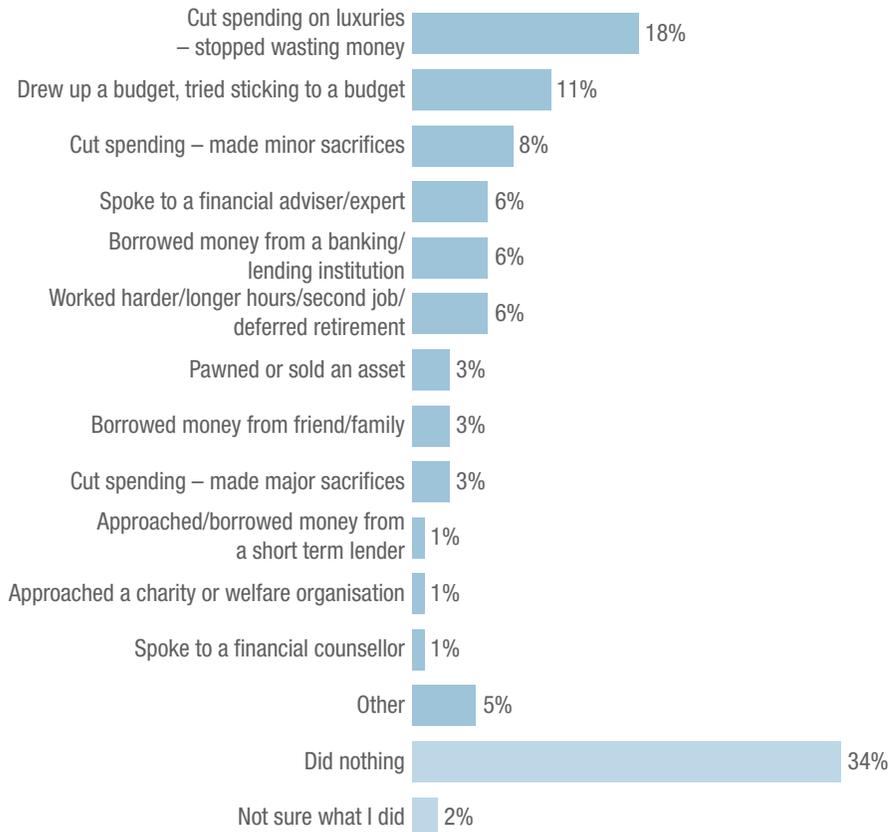
The most common action was inaction – 34 percent said they did nothing to address their concerns.

Of those who did take action, the main responses were to:

- Limit spending – eg cut spending on luxuries (18 percent), make minor sacrifices (8 percent), make major sacrifices (3 percent).
- Think strategically about their finances – eg draw up a budget (11 percent), seek expert advice (6 per cent).
- Source additional funds – eg work longer hours (6 percent), sell an asset (3 percent), borrow from a bank (6 percent), borrow from friends/family (3 percent).

FIGURE 3.9: WHAT ACTION (IF ANY) DID YOU TAKE TO RESOLVE/EASE YOUR FINANCIAL DIFFICULTIES?

N=326



Note: Multiple responses allowed.





SECTION 4
WHERE DO WE GO NEXT?

Where do we go next?

This research, and other financial stress literature reviewed, show that there is a critical need for the community to sharply focus on developing real strategies to address the issue of financial stress on the community.

This research suggests that at worst, financial stress can contribute to issues including relationship breakdown, gambling, drug or alcohol abuse and even domestic violence. This means that the presence of financial stress can be destructive for not only individuals, but their families and the community.

It also appears, from this and other research, that the issue to be addressed is not necessarily financial shortages, but may instead be developing people's ability to manage finances and to manage financial distress.

Wesley Mission does not pretend to know all the answers, but instead seeks to highlight the issue of financial anxiety and its impact on society, and to work collaboratively with the broader community to develop an action plan with real and achievable solutions.

As a result, Wesley Mission is engaging with stakeholders from key sectors of the community including all levels of government, corporates, business groups, other service providers and those in need.

It is intended that this will result in a number of forums being held, to facilitate a discussion of possible solutions – whether they be policy reform or community led and driven initiatives. From these forums, Wesley Mission will prepare a white paper which captures the proposed way forward for governments, corporates and service providers to consider.

Wesley Mission will be conducting similar research into other social justice-related issues in the future, to ensure a 'whole of community – whole of problem' approach is considered, instead of 'band aid' solutions being implemented to fix the problem. As part of this, Wesley Mission will look to continue its collaborative approach to developing solutions with the whole community.





SECTION 5
ABOUT THE RESEARCH

Background to the project

This report presents the findings from a study into the impact of financial stress on people and families in the Sydney metropolitan area. The survey (n=400) was conducted in August 2006 by Wesley Mission and a team of social researchers from Urbis Keys Young.

This is the first in a series of Wesley Mission research projects that aim to explore key issues affecting people in the Sydney metropolitan area and highlight important directions for government and the community sector consideration.

Wesley Mission hopes that through the presentation of these research findings, communities and governments will be prompted to address the issue of financial challenges facing Sydney households and begin formulating strategies to alleviate and manage these pressures.

Methodology

A total of 400 telephone interviews were conducted with the main decision maker in the household. Households were randomly selected from the Sydney metropolitan area using the electronic White Pages. If responsibility for decision making in the household was shared, one of the people who shared that responsibility participated.

Respondents were informed that the survey was on the topic of money management and relationships, and that the purpose of the survey was to help Wesley Mission target their future work in financial literacy and financial counselling. Participation in the survey was voluntary.

The questionnaire (attached at Appendix A) was designed by Wesley Mission and Urbis Keys Young, and followed the following path of questioning:

- Personal/household characteristics (required to tailor questions to respondents' circumstances).
- Budgeting and money management.
- Debt and credit.
- Ability to meet hypothetical extra costs.
- Financial stress and response to financial stress.
- Closing demographic questions.

Household characteristics

The characteristics of the 400 households surveyed are shown below. The sample is a good representation of Sydney as a whole:

- 72 percent were family households (34 percent with children, 38 percent without), the remainder were group households (8 percent) or lone person households (20 percent).
- 60 percent included a couple (ie the respondent lived with their spouse or partner).
- 35 percent contained at least one child under the age of 18 (13 percent with only one child, 22 percent with more than one child).
- Housing tenure was split three ways – 36 percent owned their home outright, 31 percent had a mortgage and 30 percent were renting.
- 77 percent were self-supporting in their income, either from salary/wages (69 percent) or investment yields (8 percent); 19 percent of households relied on government support as their main source of income.
- 38 percent had a pre-tax household income of no more than \$50,000, 17 percent earned more than \$100,000.

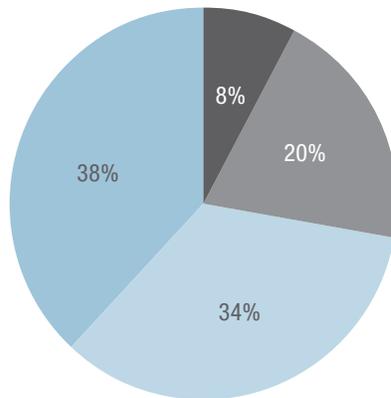


FIGURE 4.1: HOUSEHOLD TYPE N=400

- Group/share/other
- Alone
- Family with children
- Family without children

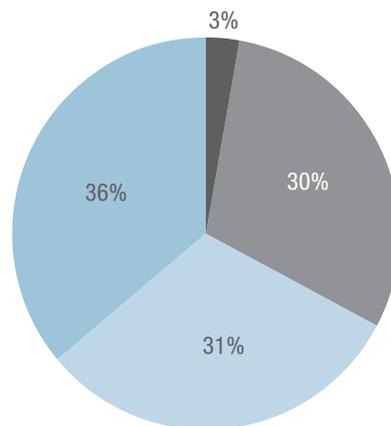


FIGURE 4.2: HOUSING TENURE N=400

- Other
- Renting
- Mortgaged
- Own outright

Note: Other includes living rent free, house sitting etc.

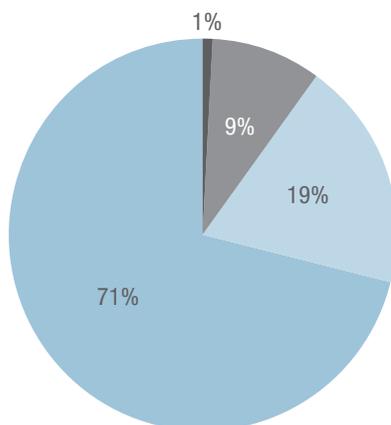
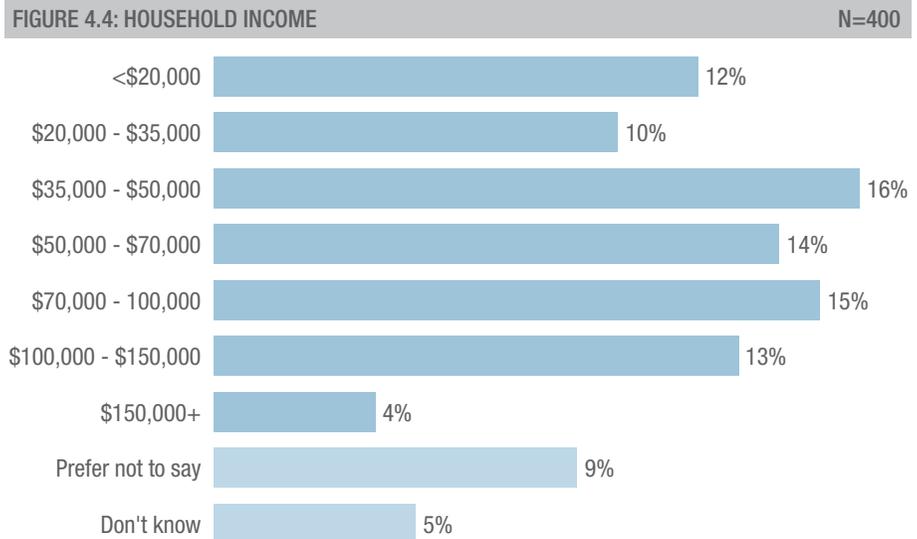


FIGURE 4.3: MAIN INCOME SOURCE N=400

- Other
- Investment yields
- Pension/government support
- Salary/wages

Note: Salary/wages includes self employed, investment yields includes superannuation.



Note: Figures may not add to exactly 100% due to rounding.

Personal characteristics of the respondents

Within these households, the characteristics of the respondents are interesting results in themselves, as the interviews were conducted with ‘the main decision maker in the house’:

- 63 percent were female.
- 58 percent were aged between 35 and 60.
- 46 percent had a university education.
- 20 percent had not completed high school.

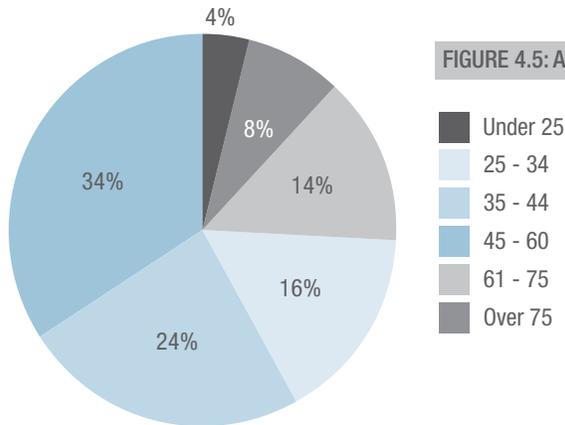
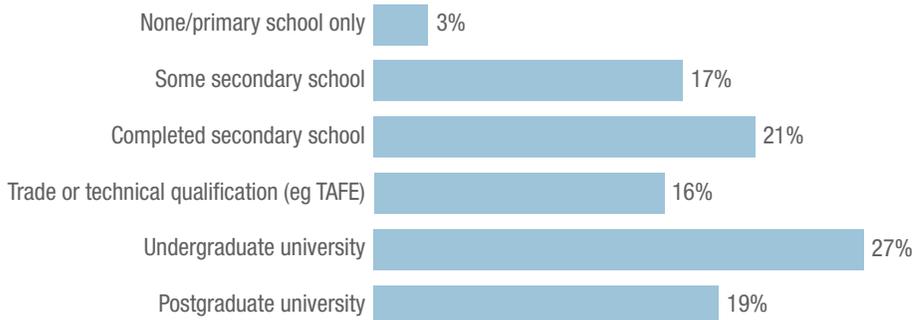


FIGURE 4.5: AGE N=400

FIGURE 4.6: HIGHEST EDUCATION COMPLETED N=400



Note: Figures may not add to exactly 100% due to rounding.





APPENDIX A
QUESTIONNAIRE

Financial stress and relationships

Final questionnaire

Prepared for Wesley Mission with Urbis Keys Young

8 August 2006

Introduction

Good afternoon/evening. My name is _ calling on behalf of Wesley Mission from I-view. We're doing a short survey about money management and relationships. We are not asking for donations.

We'd like to speak with the main decision maker in the household. Is that you?

If yes: Wesley Mission is a not-for-profit organisation that does a lot of work in financial literacy and financial counselling for individuals and families across Sydney. The purpose of the survey is to help Wesley Mission target their future work over the coming years. Would you be happy to do the survey?

- [IF ASKED] The interview takes around 10 minutes depending on your answers.
- **If no:** Can I please speak to that person?
- If responsibility is shared: Whoever shares that responsibility would be fine – is that you?

Part A: Preliminary questions

Before we begin, I just need to ask a few questions about yourself and your living arrangements, to make sure we have a good spread of people from across Sydney.

A1. Firstly, about your household. Do you live... (Read out, choose one only)

- 1 On your own • GO TO A3
- 2 With family • GO TO A2a
- 3 In a group or share household • GO TO A2a
- 4 (Don't read out) Other (specify _____)
GO TO A3

A2a. Are there any children aged 16 under living with you?

- 1 Yes (specify how many: _____)
- 2 No

A2b. And do you live with a spouse or partner?

- 1 Yes
- 2 No

A3. Do you own the home you currently live in? ... (Choose one only)

- 1 Yes – fully owned
- 2 Yes – paying off a mortgage
- 3 No – renting
- 4 Other (specify _____)

A4. And is the main source of income for your household...
(Read out, choose one only)

- 1 Government support, pension or assistance
- 2 Salary or wages from employment (full-time or part-time)
- 3 Income from investments
- 4 (Don't read out) Other (specify _____)

Part B: Budgeting and money management

Thanks for going through all that. Now I'd like to start by asking a few questions about budgeting and money management.

B1. Overall, how well do you feel your household financial affairs are managed?
(Read out, accept one answer)

- 1 Very well
- 2 Fairly well
- 3 Average
- 4 Not very well
- 5 Not at all well
- 6 (Don't read out) Not sure

B2. What's the main way you have learned how to manage money?
(Don't read out, accept all answers)

- 1 Self-taught
- 2 Parents/family
- 3 Friends
- 4 School
- 5 University/TAFE
- 6 Work
- 7 A financial adviser/counsellor/expert
- 8 TV programs
- 9 Internet
- 10 Books/courses
- 11 Other (specify _____)
- 12 Nowhere/I don't really know anything about managing money
- 13 Not sure

- B3. Have you ever drawn up a budget that includes your weekly, monthly or annual household expenses?
- 1 Yes • GO TO B4a
 - 2 No • GO TO B4b
 - 3 (Don't read out) Not sure • GO TO B5
- B4a. How much do you keep to this budget? (Read out, accept one answer)
- 1 Entirely
 - 2 Mostly
 - 3 Somewhat
 - 4 Not much
 - 5 Not at all
 - 6 (Don't read out) Not sure
- Ask if code 2 at B3, else go to B5
- B4b. What are the main reasons why you've never drawn up a budget? (Don't read out, accept all answers)
- 1 Never needed one
 - 2 Don't know how/too complicated
 - 3 No point/too hard to keep to
 - 4 I'm money conscious in other ways
 - 5 I only buy what I need
 - 6 Other reasons (specify _____)
 - 7 Not sure

- B5. In general, how interested are you in learning more about how to budget and manage money well? (Read out, accept one answer)
- 1 Very interested
 - 2 Fairly interested
 - 3 Not very interested
 - 4 Not at all interested
 - 5 (Don't read out) Not sure

Part C: Debt

- C1. Do you <OR YOUR PARTNER> have any of the following?

DO NOT ROTATE ORDER	YES	NO	NOT SURE
a) A credit card or cards (VISA, Mastercard, American Express etc)	1	2	3
b) Money owing on an investment that required borrowing (eg an investment property)	1	2	3
c) A personal loan from a financial institution	1	2	3
d) A student loan, eg HECS or HELP	1	2	3
e) A business or commercial loan	1	2	3
f) Any other personal debts, eg money borrowed from friends or family	1	2	3
g) Any outstanding fines to a government body	1	2	3

IF 2 OR 3 AT C1A • GO TO C3

- C2a. (CREDIT CARD) You mentioned credit cards – do you <AND YOUR PARTNER> just have one credit account, or do you have more than one?
- 1 One only
 - 2 More than one (specify number ____)
 - 3 Not sure

C2b. (CREDIT CARD) I don't need you to tell me the amount, but do you know what the total credit limit is on <THIS CARD/THESE CARDS>?

- 1 Yes – exactly
- 2 Yes – roughly
- 3 No

C2b. (CREDIT CARD) Again, I don't need you to tell me the amount, but do you know how much you currently owe on <THIS CARD/THESE CARDS>?

- 1 Yes – exactly
- 2 Yes – roughly
- 3 No

IF CODE 1, 3 OR 4 OR AT A3 • GO TO PART D

C3. (MORTGAGE) You mentioned before that your household was currently paying off a mortgage. I don't need you to tell me the amount, but do you know how much your current mortgage repayment is per month?

- 1 Yes – exactly
- 2 Yes – roughly
- 3 No

C4. (MORTGAGE) In the last few weeks, interest rates rose by a quarter of a percent. Again, I don't need you to tell me the amount, but are you aware of how much your monthly repayment went up?

- 1 Yes – exactly
- 2 Yes – roughly
- 3 No

Part D: Hypotheticals

- D1. Imagine that one of your regular key household expenses went up by \$40 per week (say in extra rent, mortgage payments or your food bill). How easy or difficult would it be for you to meet this additional cost?
(Read out, accept one response)
- 1 Very easy
 - 2 Fairly easy
 - 3 Not very easy – would need to make a few sacrifices
 - 4 Difficult – would need to make major sacrifices
 - 5 Not possible – couldn't do it
 - 6 (Don't read out) Not sure
- D2a. Imagine that you needed \$2,000 at very short notice (eg to visit a sick relative overseas). How easy or difficult would it be for you to meet this cost?
(Read out, accept one response)
- 1 Very easy
 - 2 Fairly easy
 - 3 Not very easy – would need to make a few sacrifices
 - 4 Difficult – would need to make major sacrifices
 - 5 Not possible – couldn't do it • GO TO PART E
 - 6 (Don't read out) Not sure • GO TO PART E

D2b. How do you think you would raise this \$2,000?
(Don't read out, accept all answers)

- 1 Use savings
- 2 Redraw on mortgage
- 3 Sell an asset
- 4 Borrow from a financial institution or use credit
- 5 Borrow from a relative
- 6 Borrow from a friend
- 7 Call in loans made to other people
- 8 Use some other method to find the money (specify _____)
- 9 Not sure

Part E: Financial stress

E1. In the last 12 months, have any of the following things happened to you because of a shortage of money? Your options for each one are True, False and Not Sure.

DO NOT ROTATE ORDER	TRUE	FALSE	NOT SURE
a) You couldn't afford to pay household bills on time	1	2	3
b) You couldn't afford to pay the mortgage or rent on time	1	2	3
c) You couldn't make minimum credit card payments	1	2	3
d) You couldn't meet the monthly payment on a personal loan	1	2	3
e) You couldn't afford to heat your home	1	2	3
f) You went without meals because of lack of money	1	2	3
g) You had to forgo family activities	1	2	3
h) You had to forgo children's activities, eg school excursions	1	2	3
i) You pawned or sold something to pay for something else	1	2	3
j) You asked to borrow money from friends or family	1	2	3
k) You asked to borrow money from a community welfare organisation	1	2	3
l) You borrowed money from a short term lender	1	2	3

E2. Overall, how worried are you (if at all) about your ability to meet your expenses over the coming year? (Read out, accept one answer)

- 1 Not at all worried
- 2 Not very worried
- 3 Somewhat worried
- 4 Fairly worried
- 5 Very worried
- 6 (Don't read out) Not sure

- E3a. Has the recent rise in petrol prices made you worry about money any more?
(Read out, accept one answer)
- 1 A lot more
 - 2 A bit more
 - 3 Not much more
 - 4 No more than before
 - 5 (Don't read out) Not sure
- E3b. Has the recent rise in interest rates made you worry about money any more?
(Read out, accept one answer)
- 1 A lot more
 - 2 A bit more
 - 3 Not much more
 - 4 No more than before
 - 5 (Don't read out) Not sure

Part F: Responding to financial stress

- F1a. Thinking about the last time you worried about money, did you talk about this with anyone or seek any advice?
- 1 Yes
 - 2 No • GO TO F2
 - 3 Not sure • GO TO F2
 - 4 Not applicable – never worried about money • GO TO PART G

F1b. Who did you talk to? (Don't read out, accept all answers)

- 1 Partner/spouse
- 2 Family member
- 3 Friend, neighbour, workmate etc
- 4 Bank, financial institution
- 5 Financial adviser/expert
- 6 Financial counsellor
- 7 Charity/welfare organisation
- 8 Centrelink
- 9 Other (specify _____)

F1c. Overall, how helpful was the advice you received?
(Read out, accept one answer)

- 1 Very helpful
- 2 Somewhat helpful
- 3 Not very helpful
- 4 Not at all helpful
- 5 (Don't read out) Don't know

- F2. What action, if any, did you take to resolve/ease your financial difficulties?
(Don't read out, accept all answers)
- 1 Cut spending – stopped wasting money, spending on luxuries
 - 2 Cut spending – made minor sacrifices
 - 3 Cut spending – made major sacrifices
 - 4 Drew up a budget, tried sticking to a budget
 - 5 Spoke to a financial counsellor
 - 6 Spoke to a financial advisor/expert
 - 7 Approached a charity or welfare organisation
 - 8 Borrowed money from friend/family
 - 9 Borrowed money from a bank/lending institution
 - 10 Pawned or sold an asset
 - 11 Approached/borrowed money from a short term lender
 - 12 Nothing
 - 13 Other (specify _____)
 - 14 Not sure
 - 15 Never worried about money

- F3. I'm now going to read a series of statements about your experience of financial stress over the past six years – that is, since the year 2000. For each statement, please tell me whether you agree or disagree on a scale of one to five, where 1=strongly agree and 5 = strongly disagree (read out scale).

DO NOT ROTATE ORDER		STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE	NOT SURE	N/A
a)	Stress about money made you feel more stressed about other aspects of your life	1	2	3	4	5	8	
b)	Stress about money had a negative impact on your relationship with your spouse or partner	1	2	3	4	5	8	9
c)	Stress about money had a negative impact on other members of your household	1	2	3	4	5	8	9
d)	Stress about money had a negative impact on your relationship with your family and friends	1	2	3	4	5	8	9
e)	Stress about money had a negative impact on your work life	1	2	3	4	5	8	9
f)	Stress about money had a negative impact on your health	1	2	3	4	5	8	
g)	Stress about money had a negative impact on your time with family, leisure time, or free time	1	2	3	4	5	8	

IF CODE 3, 4, 5, 8 OR 9 AT QF3B • GO TO PART G

Questionnaire

- F4. (RELATIONSHIP STRESS) You just mentioned stress about money having had a negative impact on your relationship with a spouse or partner. Did that lead to any of the following things? Your options for each one are yes, no and not sure; if you don't want to answer any of the questions, please just say so.

DO NOT ROTATE ORDER	YES	NO	NOT SURE	REFUSED
a) Firstly, did stress about money lead to tension in your relationship	1	2	3	9
b) What about arguments	1	2	3	9
c) Serious difficulties in your relationship	1	2	3	9
d) Relationship breakdown or separation	1	2	3	9
e) Violence in your relationship	1	2	3	9
f) Heavy drinking or misuse of another substance, either by you or your partner	1	2	3	9
g) Increased or frequent gambling, either by you or your partner	1	2	3	9

Thanks for answering those questions – I appreciate your honesty.

Part G: About you

Before we finish, just a few more quick questions about you and your household if I may.

G1. What is your age?

- 1 Under 25
- 2 25-34
- 3 35-44
- 4 45-60
- 5 61-75
- 6 Over 75

G2 (Record without asking) Sex

- 1 Male
- 2 Female
- 3 Unsure

G3 What is the postcode where you live?

G4 What is the highest level of education you have completed?
(Read out, accept one answer only)

- 1 No formal schooling
- 2 Primary school
- 3 Some secondary school
- 4 Completed secondary school (HSC, Leaving Certificate, etc)
- 5 Trade or technical qualification (eg TAFE)
- 6 Undergraduate university diploma/degree or equivalent
- 7 Postgraduate university diploma/degree or equivalent

G5. Do you mind telling me which of the following best fits your approximate total annual household income before tax?
(Read out, accept one answer only)

- 1 Less than \$20,000
- 2 Between \$20,000 and \$35,000
- 3 Between \$35,000 and \$50,000
- 4 Between \$50,000 and \$70,000
- 5 Between \$70,000 and \$100,000
- 6 Between \$100,000 and \$150,000
- 7 Between \$150,000 and \$200,000
- 8 More than \$200,000
- 9 Prefer not to say
- 10 Don't know

Interviewers note:

Under \$20,000 Annually is under \$385 PW

\$20,000-\$35,000 Annually is \$385-\$673 PW

\$35,000-\$50,000 Annually is \$673-\$962 PW

\$50,000- \$70,000 Annually is \$962-\$1,346 PW

\$70,000-\$100,000 Annually is \$1,346-\$1,923 PW

\$100,000-\$150,000 Annually is \$1,923-\$2,885 PW

\$150,000-\$200,000 Annually is \$2,885-\$3,846 PW

Over \$200,000 Annually is over \$3,846 PW

Part H: Closing script

H1. As I mentioned before, this survey is for Wesley Mission – this is a not-for-profit organisation that does a lot of work in financial literacy and financial counselling for individuals and families across Sydney.

The purpose of the survey is to help Wesley Mission target their future work over the coming years.

If you like, I can give you a phone number, email address or internet address where you can find out more about what Wesley Mission is doing in this regard, and how they help people take control of their financial situation. Would you like any of these details?

(Read out as applicable; record which details given)

- 1 Phone number: 02 9263 5555
- 2 Email address: research@wesleymission.org.au
- 3 Internet address: www.wesleymission.org.au
- 4 None

H2. Wesley Mission regularly conducts research about social issues, and often needs to seek the views of people from all walks of life across Sydney and beyond. Would you be happy to be approached about such research projects?

- 1 Yes
- 2 No

(If yes) Can I please take down a few details in case Wesley Mission needs to contact you for research of this nature? (They won't be able to identify your survey responses.)

Name:

Phone number:

Postal address:

Email address:

(Note: if respondent would prefer, they can email their details to research@wesleymission.org.au or register their interest by calling 02 9263 5555.)





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