Wesley mission

5

Number 5 May 2009

The Wesley Report

Financial stress: The hidden human cost

Report written and complied by Jude Lobo BSocSc,
Wesley Mission Research.

With special thanks to Libby Purdey for her contribution.

Enquiries

Enquiries about this report should be directed to the Public Affairs Manager, Wesley Mission. (02) 9263 5350

Table of contents


CUSTOMER
COPY

Wesley Mission has a 200-year history of caring for those in distress among us, a history driven by Christian compassion and an unwavering hope in a better future. Yet compassion and hope alone are not answers to the problems society faces. As a significant provider of care services we understand that our services must be informed, efficient and targeted.

Two years ago, Wesley Mission released a report into financial stress in Sydney that showed how, under the veneer of wealth and success in this exuberantly beautiful city, one in three people struggled with financial problems and one in seven were on the brink of insolvency. This knowledge fed directly into our services in financial counselling, depression, child and family care and homelessness. That report captured wide public attention and sympathy and led to the formulation of a White Paper calling for action to alleviate the problems our report uncovered.

Late in 2008, Wesley Mission carried out a second survey into financial stress—this time in a deteriorating financial climate which is generating a marked increase in calls for help from people suffering from financial pressures, bankruptcies and a lack of affordable accommodation.

The results of the 2008 survey are outlined in this report and they make disturbing reading. The financial screws have tightened for many people and the consequences will be severe. As this report goes to print the Reserve Bank has warned that more and more borrowers will fall behind on their loans in coming months. A hypothetical question that we set our survey respondents about their ability to cope with a $160 increase in monthly rent has been exceeded by the reality that average monthly rents have increased by $260 over the past year. Many families are being squeezed out of the rental market due to the 12 interest rate increases since 2002. A current study shows that one in five people who enter the world of borrowing remain permanently in debt.

We believe this latest Wesley Report and its recommendations provide a pathway for empowerment for those who are struggling with mounting debt. It advocates for early intervention and prevention. It is essential that financial literacy and education become mainstream rather than being parked on the margins of social concern.

This report exposes the human costs of financial stress in a city that is the financial hub of Australia and provides a quarter of the nation's Gross Domestic Product. Please read the report and join us in calling for changes in how we treat debt and how to help those who are becoming casualties of debt.

Rev. Keith V. Garner
Superintendent/CEO

Executive summary

About the research

In late 2008, Wesley Mission carried out a survey to gauge the impact of financial stress on households across Sydney—we wanted to know what causes financial stress and what effect this stress has on society. How are individuals coping? What happens within families struggling with mounting debts? The survey which drives this report, *Financial Stress: The Hidden Human Cost*, was carried out in the current worsening economic climate and this factor is apparent in the findings that show how the changing conditions are having an unmistakable impact on Sydney households. The survey provides important comparative results with Wesley Mission's 2006 report, *Financial Stress and its Impact on the Individual, Family and Community*.

Sydney, the focus of this Wesley Report, plays an important role in the financial stability of the national economy. It is the financial hub of Australia and represents almost 25 per cent of Australia's Gross Domestic Product (NSW Department of State and Regional Development, 2009: 1).

This large and beautiful city is ranked 10th out of 215 cities in the Worldwide Quality of Life Index 2008, proof that Sydneysiders experience an enviable quality of life (NSW Department of State and Regional Development, 2009: 3). However, the impact of the global financial crisis and looming recession is now hitting Sydney. There are numerous cases of people being squeezed out of the rental market due to the 12 interest rate increases since 2002. Mortgage owners have not been able to dodge these effects either, with many plunging deeper into debt. This problem is exacerbated by the fact that 20 per cent of people who enter the world of borrowing find it impossible to ever get out (Fujitsu in news.com: 1).

How household composition affects financial stress

- The study found that family households, whether with children or not, suffered less financial stress than other households.
- Most households did not draw up a budget or plan of their expenses.
- Two-fifths of single-parent households could never or almost never afford to pay the entire balance on their credit cards. In comparison, only 23 per cent of couples with or without children experienced this problem.
- One-third of couples with children were able to easily manage an increased rental/mortgage cost of $160 per month whereas almost half of single-parent families needed to make major sacrifices to meet this cost.
- Credit cards were used for financial relief: 30 per cent of respondents who owned one were easily able to raise $2000 in an emergency; 30 per cent of respondents who did not own a credit card found it very difficult to raise such a sum.
- The majority of respondents from all household structures did not seek advice when worried about money. Where advice was sought, it was limited to that provided by a spouse, family member or friends.

Single-parent households do it hard

- Half of all single parents aged 30-59 years had to make major sacrifices if household expenses such as rent rose by $160 per month.
- Half of all single parents aged between 30-74 years experienced extreme difficulty if required to raise $2000 within short notice.

- Most people (63 per cent) did not seek advice about troublesome household finances even though four-fifths of them felt more stressed when worried about money and two out of five only managed to break even for most weeks.
- When in need of financial counsel more than half (54 per cent) of single-parent households turned to a family member. Four out of five of single parents who are financially stressed experienced strain in family relationships. These findings support a theory that single parents are over-reliant on family members.
- Half of all single-parent households found that money problems badly affected their relationships with friends.
- Financial stress had a severe impact on the health of single parents (66 per cent) and their ability think clearly (75 per cent).
- Opportunities to relieve stress were limited for single-parent households: 38 per cent missed out on holiday for just one week in the year and 35 per cent could not afford a night out even once a month.

From the hip pocket to the heart

The three issues that generated the most significant results were the effects of financial stress on spousal and other family relationships and on the ability of people to think clearly when making decisions.

- Most men who only managed to break even on income and expenses most of the time had adverse relations with their spouses (72 per cent) while men who were able to save money at the end of most weeks experienced a smaller incidence (45 per cent) of negative spousal relations.
- Family problems were associated with income: 92 per cent of respondents in the lowest income bracket had problems with family members. In comparison, 56 per cent of respondents on low to middle incomes experienced negative relations with family members.
- Respondents on government benefits were more likely to experience problems with family members when stressed about finances (77 per cent).
- A similar relationship was discovered between income, income source and the ability to think clearly as individuals on lower incomes and government benefits found it more difficult to think clearly when in trouble over money.

The following factors used as financial indicators had significant adverse effects on family relations and the ability to think clearly:

- Being unable to take a week's annual holiday away from home (family relationships suffered for 59 per cent; 70 per cent were unable to think clearly)
- Inability to afford a night out once a month (family relationships suffered for 53 per cent; 70 per cent were unable to think clearly)
- Inability to pay a utility bill on time (family relationships suffered for 62 per cent; 68 per cent were unable to think clearly)
- Sought financial assistance from family or friends (family relationships suffered for 62 per cent; 65 per cent were unable to think clearly).

The importance of not only drawing up budgets but adhering to them was shown in the fact that almost three-quarters (71 per cent) of people who only sporadically kept to budgets found it difficult to think clearly when worried about financial problems.

2006-2008—the winds are blowing colder

The 2008 Wesley Mission financial stress survey found the overall financial situation was much bleaker for the residents of Sydney in 2008 than what was discovered in 2006.

- 2008 saw a 9 per cent increase in borrowing from financial institutions – and a corresponding increase in the number of people who never prepared a household budget.
- The biggest changes were evinced in answers to hypothetical questions about extra expenses.
- In 2006, two in three respondents found it easy to meet an extra $160 in monthly expenses; in 2008, one in two respondents found it difficult to the meet the extra $160.
- The 3 per cent of respondents who found the above $160 extra monthly imposition impossible to meet rose to 7 per cent in 2008.
- In 2006, 10 per cent needed to make major sacrifices to raise $2000 at short notice but in 2008 that figure jumped to 18 per cent.
- Between 2006 and 2008 there was a 4 per cent increase in the number of respondents who could not raise $2000 in an emergency.
- Fewer people sought professional financial advice and more people (21 per cent more) relied on advice from family members when worried about money.
- There was a 3 per cent increase in the number of people who needed to borrow money from family and friends and a further 10 per cent increase of those who were unable to pay household bills on time.

Implications for policy

A workshop was held by Wesley Mission in February, 2009 to develop policy strategies to address this report's main findings. The workshop was attended by 20 participants from government, academia, the financial sector and Wesley Mission staff. Representatives were selected for their knowledge and work concerning the effects of financial stress in the everyday running of households in Sydney and the implications of such stress on our society.

The workshop discussion was facilitated by the Nine Network's Finance Editor, Ross Greenwood.

A total of seven priority areas were identified. Wesley Mission calls for urgent action on the following recommendations:

1. Provision and promotion of financial literacy

i. Good and effective communication of the resources that are available to help people manage their money.

ii. Introduce community service advertisements stating where to find money management tools.

iii. Knowledge of budgetary practices for students and school leavers to be reinforced.

iv. All financial literacy initiatives to be geared to the differing needs of various demographic groups.

2. Regulating the financial sector

i. Licence margin lending institutions and payday lenders.

ii. Provide easily comprehensible information regarding the risks, benefits, fees and charges associated with margin lending.

iii. Introduce tighter regulation of predatory lending practices and unsolicited credit increases.

iv. Enforce cultural change within the financial sector to protect consumers from falling into a spiral of debt.

3. Credit reporting and responsible lending

i. Create a national positive credit report system in a central database in order to encourage the maintenance of good credit records and sharing of information on such records.

ii. Make government more proactive in regulating the client assessment criteria employed by lenders.

iii. Introduce a 3 per cent increase to the minimum monthly repayments on all new credit cards with an explanation of these implications to the client.

iv. The Federal Government should implement legislation to reduce exit fees to reflect only the cost of administration.

4. Integration of services

i. Integrate social services to improve education in financial literacy.

ii. Increase funding to train service providers in the effective delivery of financial education.

iii. Improve access to legal services provided by public and non-government organisations for people who are financially at risk.

5. Affordable housing

i. The Federal Government should introduce a communication strategy to suggest a range of affordable housing in order to avert untutored plunges into mortgage debt.

ii. Establish a national taskforce to review the initiative of the British Government's project, The Mortgage Rescue Scheme, regarding the easing of mortgage stress.

6. Financial counselling

i. Increase funding for financial counselling services being provided by the Federal Government.

ii. Increase funding for multi-disciplinary case management services and early intervention programs provided to single-parent households.

iii. Improve communication between financial counselling services and other sectors such as housing and employment.

iv. Provide housing located close to support services for single-parent households.

7. Systemic change

i. Review and regulate the level of private debt in Australia.

The Wesley Report: May 2009

This 2009 Wesley Report, *Financial Stress: The Hidden Human Cost*, builds on a solid research base established in our 2006 report and is linked with other authoritative studies on the causes and effects of financial stress.

Interviews with Wesley Creditline counsellors and a homeless family receiving help from Wesley Mission complement the statistical analysis by giving a real-life insight into the trauma caused by financial stress.

The trauma touches children, spouses and the wider families of people in financial crisis.

Introduction

In 2006, Wesley Mission launched a research report which found that a significant number of households and individuals from a broad cross section of Sydney were suffering from financial stress.

Financial stress, according to Worthington (2006: 2), is defined as the "financial reasons for being unable to have a holiday, to have meals with family and friends, to engage in hobbies and other leisure activities, and general money management". Its impact on individuals and the wider community is broad and varied, with some organisations such as Debt Steps (Debt Steps, 2008) being of the view that feelings associated with financial stress often lead to poor decision-making and the adoption of heavy loans in order to meet current needs.

In 2008, the Australian economy began to tighten off the back of a global financial crisis. At the same time, the cost of housing in Sydney had increased by 11 per cent for both mortgage owners and renters (ABC News, July 2008), resulting in Sydney appearing in the top five most expensive cities in the developed world for the first time (*Demographia*, 2009). Despite significant drops in interest rates since September 2008, the Australian Bureau of Statistics has found that rents had increased from 5.4 per cent to 8 per cent in Sydney (*The Australian*, January 2009).

Anecdotal evidence from Wesley Mission's financial counsellors suggested that the financial stress picture would be much bleaker than that of 2006, based on the increasing number of people seeking financial guidance. It also suggested that the demographic of those facing financial stress had changed, with people on average middle class incomes being at serious risk of losing their homes for not meeting their repayments.

Research objectives

Based on the existing economic data and anecdotal evidence, the Wesley Report – *Financial Stress: The Hidden Human Cost,* aims to:

1. Examine the causes of, and contributors to, financial stress being experienced by households in Sydney, with a focus on:

- budgeting practices and money management
- household spending and debt
- meeting emergency needs and managing additional costs
- financial stress indicators.

2. Examine how the residents of Sydney respond to financial stress and the impacts of this stress on the individual and their relationships with others.
3. Compare the results to the 2006 Wesley Mission financial stress report, *Financial Stress and its Impact on the Individual, Family and Community*.

Our approach

In approaching this Wesley Report, existing literature regarding financial stress has been drawn upon. As such, it encompasses the indicators of financial stress provided in the Household Expenditure Survey (HES) (ABS, 1998-1999) and further adopted by Bray (2001). Bray (2001) asserts that each of the indicators listed in the HES could fall within one of three categories. These categories were referred to as the following (2001:13):

- "missing out": the degree to which households restrict their ability to go out in order to meet household budgetary requirements
- "cash-flow problems": the capacity of households to manage their financial activities
- "hardship problems": instances where households have had to frequently rely on a last resort to manage their financial situations.

These categories form a common link between much of the proceeding literature on financial stress in Australia. Yates (2007) uses these indicators to examine the issue of housing affordability whereas Breunig and Cobb-Clark (2005: 14) apply them to three specific Australian households—Couple Households, Lone Parent and Single Individuals.

The majority of these studies however, have focused on the experiences of financial stress nationwide. The 2009 Wesley Report seeks to place a greater emphasis on all household structures experiencing varying degrees of financial stress in Sydney and the impacts of this stress on the individual and on relationships. Households were grouped as couples with children, couples without children, single-parent families, (individuals who) live alone and (individuals who) share group accommodation.

Although this report includes some discussion surrounding the financial stress indicators as mentioned in the HES, these indicators will also be addressed indirectly with reference to themes such as budgeting and credit cards, help seeking behaviour and meeting emergency needs in the form of hypotheticals. Much like the 2006 Wesley Report into financial stress, this Report also contains discussion of the overall financial climate at the time. This helps contextualise a comparison with the results obtained from the 2006 Wesley Report.

The survey

The questionnaire was administered using the Computer Assisted Telephone Interviewing (CATI) method and was restricted to persons aged 18 years and over. A total sample of 450 respondents were collected from various city council localities within greater metropolitan Sydney.

These councils were classified under the Mid and North West, North, Inner Metro, South and South West. A more detailed table of the suburbs included within these areas is provided in Chapter 2.

Sydney was considered an appropriate focus for the research due to the phenomenal increases in the cost of housing and living expenses in this city. For a more detailed explanation of the sample and methodology, see Appendix 1.

Home Stretch

It's heyday for landlords: rental hikes have permeated throughout the real estate market and renters are dishing out more dollars per week than you've had cooked dinners. In these times, vulnerable families make easy prey for crafty landlords.

Arthur Odiase, his wife, Itohan, and their three children arrived in Australia from Nigeria in 2006. They had undergone the extensive application process and met the criteria granting Itohan, a registered nurse, a working, residential visa. They decided to accept the offer, uproot their family and make the land down under their new home. By the time the paperwork had gone through and the family had sold up in Nigeria and touched down in Sydney, Itohan was also just weeks away from giving birth to their fourth child.

They immediately struck a hitch. A slip-up in the paperwork meant that Itohan's pregnancy, although declared throughout, had somehow not been registered and would compromise her visa status. The Odiase family faced the threat of deportation. Here they were: the entire family, bunking down on a friend's living room floor (the accommodation that accompanied the job having fallen through with the paperwork slip), Itohan about to give birth, and facing the prospect of going back. The bottom was falling out of their carefully laid plans. "It is a nightmare," said Arthur. "When you are thinking of where you are going to lay your head, where you are going to lay your family's head. It is a nightmare."

A social worker at the hospital put them in touch with Wesley Mission. They were interviewed and, through the accommodation services, given a place to stay. Wesley Mission also looked into the administrative problem with the visa application process and contacted the relevant bodies involved to sort it out. The Odiase's application went through and Itohan was granted her original nursing job.

"When Wesley Mission intervened, the dread turned to joy," said Arthur. "The Wesley Mission staff gave us food, clothing, subsidised rent. It made us comfortable. They took me for drives so I was able to gain my NSW driver's licence. They helped me on my career path.

With their help and encouragement I was able to get a job as a disability support worker for the Spastic Centre, working in respite care."

They had a shaky start but the Odiases, now a family of six, were soon on their feet. They had always been robust and self-sufficient and were eager to make a fresh start in this new country they were falling in love with. With both Arthur and Itohan working they moved out of Wesley Mission's accommodation and into a rented house.

After over a year of happy, settled life as a working family the Odiases received a letter in the mail. It was from their landlord. Without any reason they were given two months to move out. It was crushing news but they were not going to let it beat them. Arthur and Itohan talked through their options. Maybe this bad blow could be used for good. Interest rates were low at the moment and they had managed to save over the past year. It would be a dream come true to buy a house for their family and truly call Australia home. After all, they had just done their citizenship test and received the wonderful news that they were to become Australian citizens at the next ceremony in their area. True, they could not afford a great deal for a mortgage, but they had enough.

The decision was made and within a short time they had purchased a home and land package within their budget. Now they just had to wait the seven to nine months it would take to build. In the meantime they set about looking for a new house to rent as their time to move out was close.

The more they looked, the more foreboding the outlook and new waves of dread began to sweep across Arthur and Itohan. This was not the rental market they had entered a year ago. What they encountered was an escalated domain with weekly prices now one and a half times more than what they were paying. There was no way they would be able to cope with the increased rent as well as the mortgage, while they waited for the house to be built.

Like so many young families bending over backwards to make the shift to home ownership in the current climate, the Odiases had become stuck. They had been squeezed out to the extent that outlay for accommodation was going to swallow up all but a minuscule amount of their income. They could not live on that. In desperation they made a call to Wesley Mission and after an assessment were given accommodation.

"If it wasn't for Wesley Mission it would be very difficult for us," said Arthur. "They were able to stabilise us financially. If not for them, we'd be paying a huge amount of money now in mortgage and in the rent. But because Wesley Mission has provided affordable accommodation we are able to have a meaningful life. It is important to have enough in your purse to be able to live well; to eat good food, have good clothing, buy medicine when you are sick or even go to the extent of having a car for yourself. It makes you feel part of society; your self esteem is boosted."

Once the Odiases were out of the house they were renting it was put back on the market with the rent increased by 50 per cent. Arthur guesses this is why they were given notice. He feels grateful for the help afforded to him and his family to make home happen.

"There are no words to describe what Wesley Mission has done for us. When you think things are so difficult, when there is nowhere to turn, they come in and make things so easy. Wesley Mission is too good. This type of help should be around the corner for everybody."

— Linda Barclay

Profile of respondents

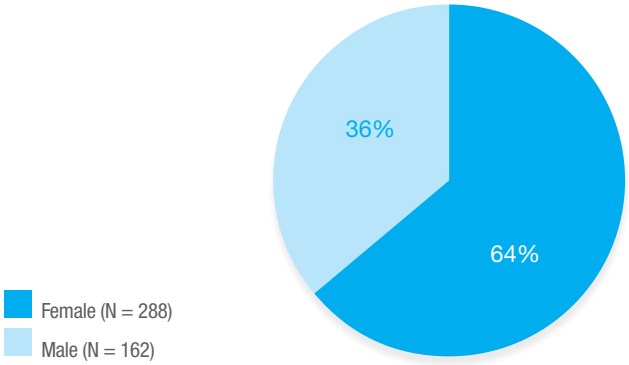
Demographics

Gender

The respondents in the greater metropolitan Sydney were:

- Mainly females (64 per cent)

Figure 1.1: Gender of respondents

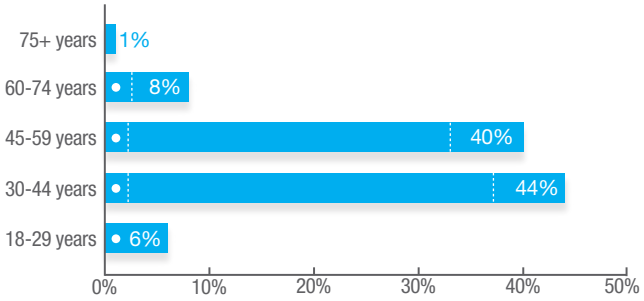


Age

The respondents were:

- Fairly young to middle-aged (44 per cent aged 30-44 years and 40 per cent aged 45-59 years)

Figure 1.2: Age of respondents
N = 450



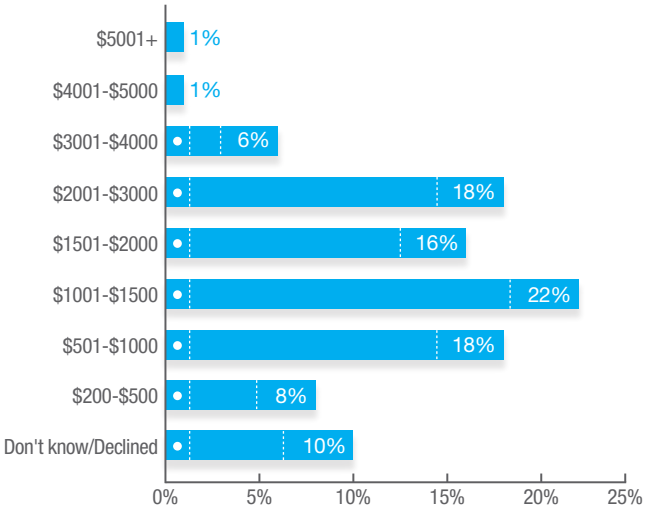
% may not equal 100 due to rounding

Income and repayments (mortgage and rent)

The majority of respondents had a combined household income between $70,000 and $100,000 before tax (23 per cent). The average household income however was just over $90,000. The results also revealed that a clear majority of people, 87 per cent, received their earnings from wages or salaries. The monthly housing costs for the majority of the sample were $1001 to $1500 (22 per cent). This was closely followed by an equal proportion of respondents on the upper and lower end of the scale:

- 18 per cent paying $2001-$3000
- 18 per cent paying $501-$1000

Figure 1.3: Monthly rent/mortgage payments
N = 450



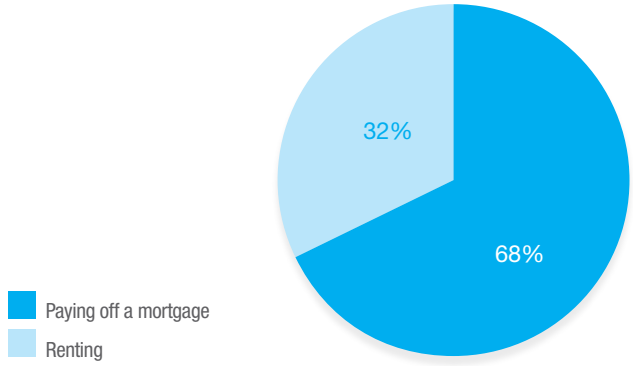
% may not equal 100 due to rounding

The average rent and/or mortgage repayment per month for the sample was $1579 per month.

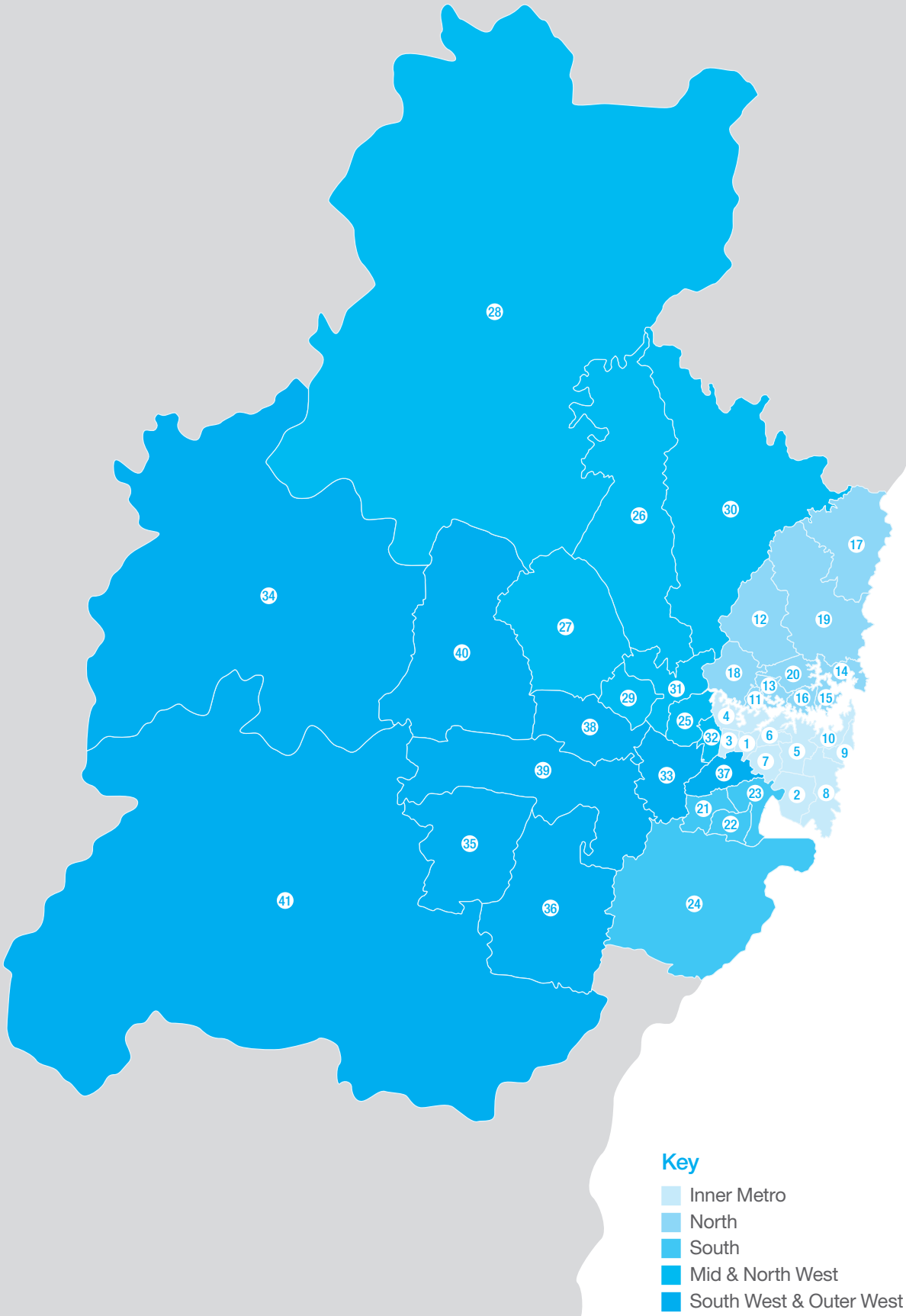
Household tenure and household structure

The results found that 68 per cent of respondents were still paying off a mortgage while the other 32 per cent were renting privately. Households were largely composed of couples with children (58 per cent), followed by couples without children (14 per cent) and those that live alone (13 per cent).

Figure 1.4: Housing tenure
N = 450



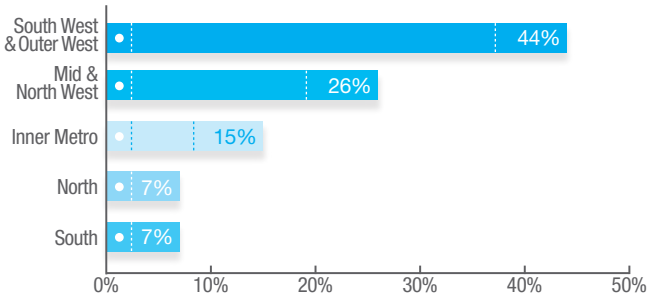
Profile of respondents



Postcode profile

The majority of respondents participating in the survey were from the South West and Outer West areas of Sydney (44 per cent). This was followed by 26 per cent of respondents from the Mid and North West and 15 per cent residing in the Inner Metro. A full listing of the various Local Government Areas (LGAs) included within each region can be found below.

Figure 1.5: Postcode
N = 450



% may not equal 100 due to rounding

North	
Hunters 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

Mid & North West	
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

South West & Outer West	
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

Inner Metro	
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	
Hurstville City Council	21
Kogarah Municipal Council	22
Rockdale City Council	23
Sutherland Shire	24

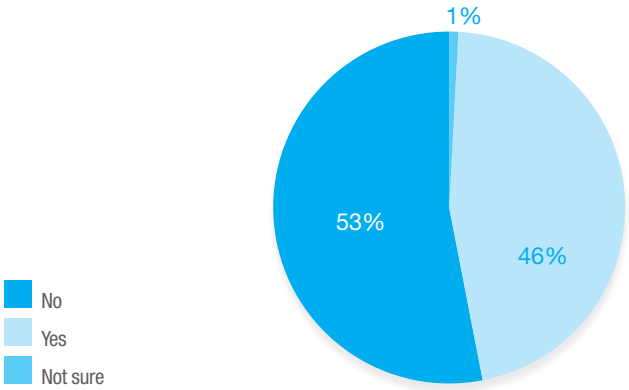
Budgeting and debt

Budgeting

Lack of budgeting is often the root cause for most people seeking the services of Wesley Mission financial counsellors, according to anecdotal evidence. These counsellors have mentioned that although budgeting is the most rudimentary requirement of financial management, clients are often strangers to budgets.

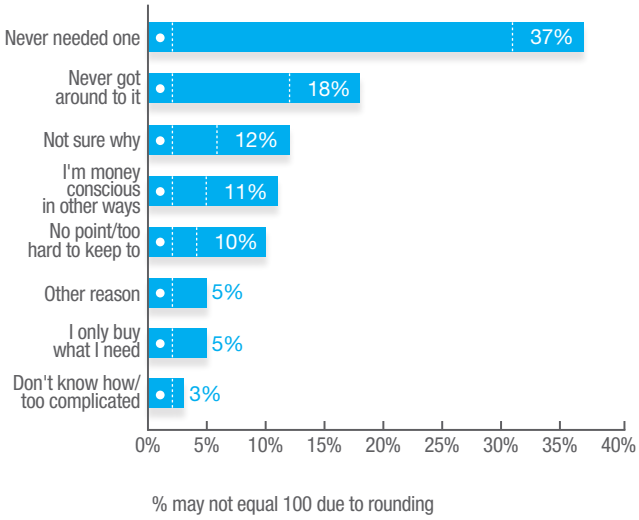
The findings of the 2009 Wesley Report support this claim, with 53 per cent of respondents advising they had not compiled a budget of their household expenses in the last 12 months.

Figure 1.6: Have you drawn up a budget
N = 450



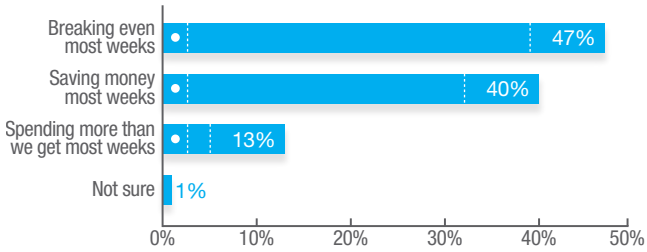
Furthermore, when these respondents were asked why they had not drawn up budgets, 37 per cent stated they never needed one, 18 per cent said they had never got around to writing one and 10 per cent claimed they had no reason to budget because budgets were much too difficult to keep.

Figure 1.7: Reasons for not drawing up a budget
N = 240



The survey results also revealed that just under half of the respondents break even most weeks (47 per cent) when asked about household spending over the last 12 months. This could imply that while most people are able to live week to week, they would find it difficult to meet an immediate financial demand such as an unexpected medical cost.

Figure 1.8: Household spending over 12 months
N = 450



% may not equal 100 due to rounding

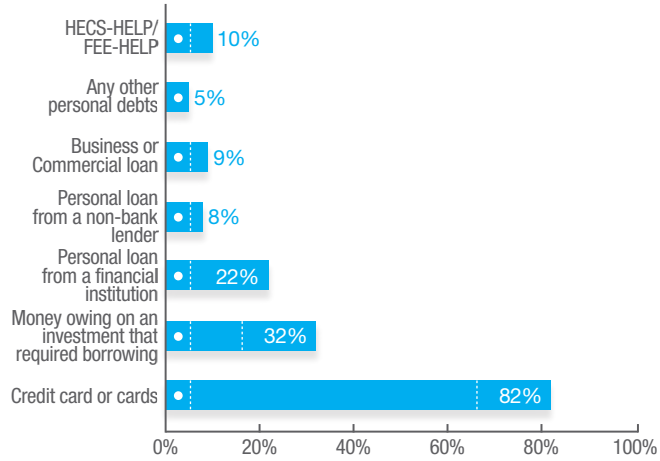
Forty per cent of respondents in the sample managed to save money most weeks, 13 per cent (one in eight) often found themselves in the red at the end of each pay week.

These findings are in line with Bray's 2001 analysis of hardships in Australia which was based on data collected from the Household Expenditure Survey (Australian Bureau of Statistics, 1998-99). While incorporating a much larger sample of 227,600 households consisting of just under 600,000 residents nationwide, the results showed that the majority of respondents just managed to break even most weeks in response to their household spending pattern over the 12-month period. The distribution of responses within the other two categories was also very similar, with a slight increase in the proportion of people saving and a minor decrease in those spending more than they get.

Debt

Credit cards were the most popular form of debt with 82 per cent of respondents owning at least one. Money owing on an investment requiring borrowing (32 per cent) and personal loans (22 per cent) formed the second and third highest scoring forms of debt.

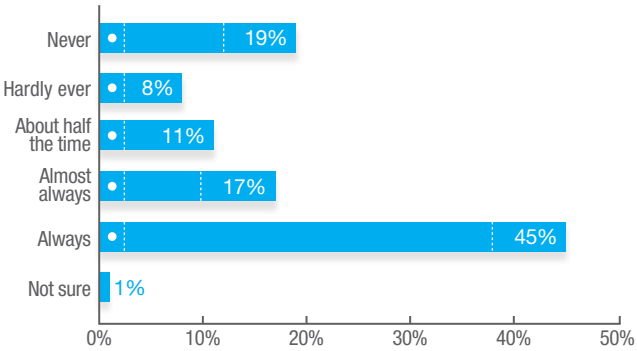
Figure 1.9: Type of debt
N = 371



% may not equal 100 due to rounding

While 45 per cent of respondents with credit cards were always able to pay off any outstanding amount within 12 months, 36 per cent of credit card owners experienced some form of difficulty in paying off their remaining balance. More alarmingly, one in five credit card owners stated they would never be able to pay their credit amounts within a 12-month period.

Figure 1.10: How often credit balance paid off in the last 12 months
N = 371



% may not equal 100 due to rounding

Of the respondents who stated they could not always pay off the remaining credit card debt within a 12-month period, 19 per cent speculated that the entire balance could be paid within the next three months.

A cross-tabulation of credit payment frequency and the estimated time taken to pay off the remaining amount, showed that 31 per cent of respondents who were unable to meet credit card debt within 12 months would need a further 12 months to bring the amount owing to zero. A further 25 per cent of respondents did not perceive the amount ever being paid off.

However, unexpectedly, the results showed that 36 per cent of respondents who had "hardly ever" paid off their entire credit balance in the last 12 months believed they could pay it off within 3 months. This result suggests a lack of personal discretion concerning credit card responsibilities, as the respondents in this group may be more than capable of paying the total amount owing however choose to simply pay the minimum monthly requirement, thereby allowing the interest to accrue.

Table 1.1 Credit card repayments

	Never	Hardly ever	About half the time	Almost always	Always	Not sure
Within 3 months	14%	36%	46%	74%	0%	0%
Within 6 months	4%	25%	17%	11%	0%	0%
Within 9 months	7%	11%	5%	5%	0%	0%
Within 12 months	18%	11%	10%	2%	0%	0%
Longer than 12 months	31%	7%	12%	3%	0%	0%
I don't see myself paying off the balance	25%	7%	5%	0%	0%	0%
N/A–already paid off	0%	0%	2%	5%	0%	0%
Not sure	0%	4%	2%	0%	0%	100%
N/A	0%	0%	0%	0%	100%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Hypothetical scenarios

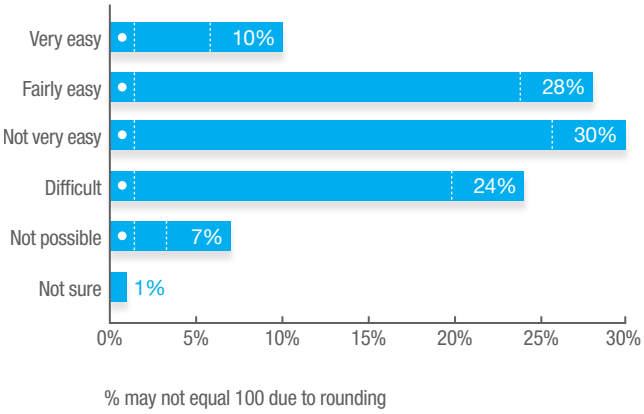
Ability to meet increased housing cost of $160 per month

When asked the level of difficulty associated with an increased cost of $160 per month to either rent or mortgage payments:

- 61 per cent of respondents stated they would experience some form of difficulty
- 7 per cent of respondents would find it impossible to manage; and,
- 24 per cent would need to make major sacrifices.

Figure 1.11: Difficulty in meeting additional hypothetical cost of $160 per month

N = 450

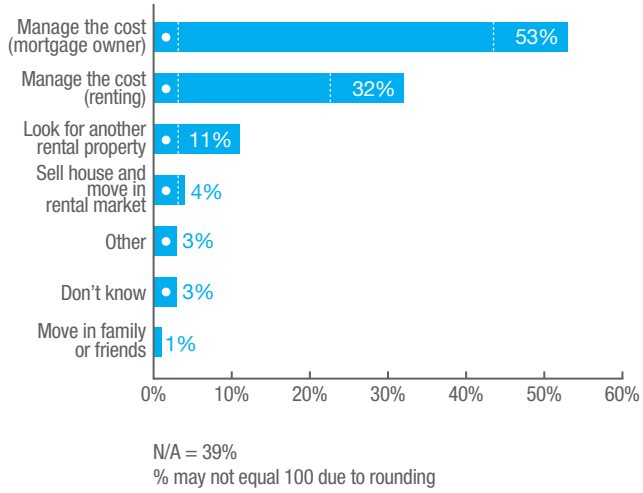


Although these results are based on a hypothetical increase, this cost became a reality for renters in June 2008 with an annual increased cost of $160 per month in Sydney (APM, June 2008). This problem was further exacerbated in December when the average cost of renting increased further from $400 to $450 per week (APM, December 2008).

As such, this amounted to a total average increase for renters of $260 per month. Considering the majority of respondents stated a $160 increase would be difficult, this suggests that many Sydneysiders are already finding it tougher.

Figure 1.12: Dealing with hypothetical increase of $160 per month

N = 273



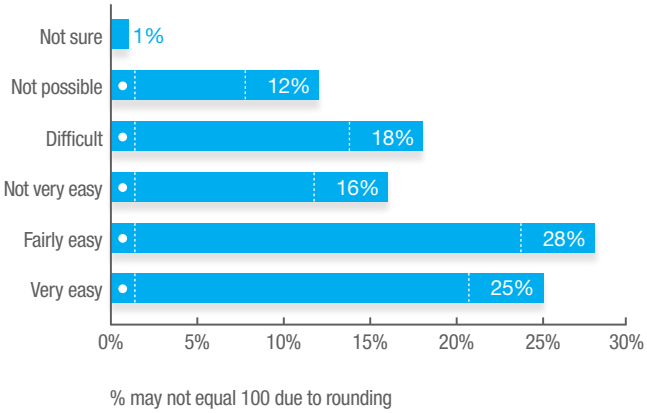
Despite these levels of difficulty the majority of respondents sought to manage the cost, thereby continuing to make their rent or mortgage payments. This was the general attitude of renters and mortgage owners alike, particularly those respondents who had to make major sacrifices in order to meet the increased costs (48 per cent mortgage owners; 30 per cent renters). However anecdotal evidence from Wesley Mission financial counsellors suggests that this attitude is creating a bigger problem, as clients often manage the additional cost through taking on more credit burdens—a practice that in some circumstances has resulted in a forced sale of property.

It should be mentioned, however, that the attitude of respondents faced with these increased costs is understandable, particularly for renters. This is explained by the tight rental market within Sydney where rental property availability had fallen to 1.1 per cent (*The Age*, December 2008) at the time of the survey.

Ability to raise $2000 on short notice

More than half (53 per cent) of respondents said they would find it easy to raise $2000 within a short space of time. Almost one in eight Sydneysiders would find it impossible.

Figure 1.13: Raising the $2000 within a short amount of time
N = 450

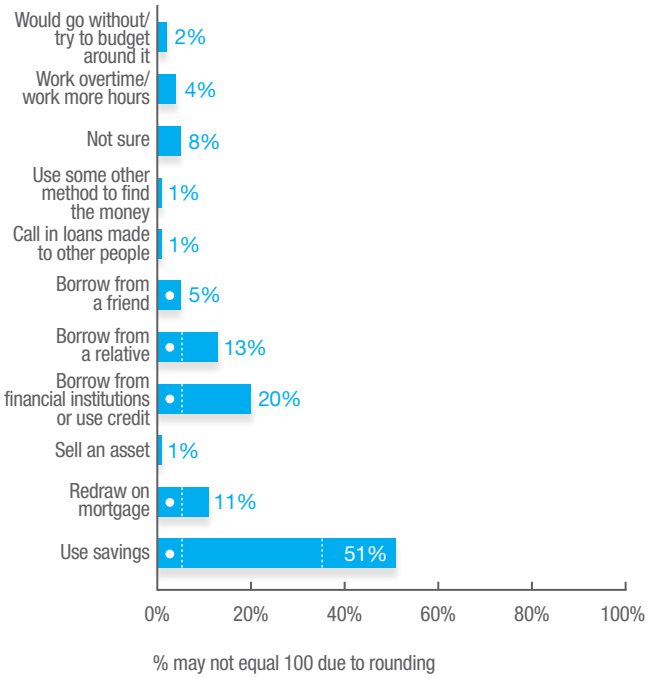


An examination of the survey results indicates that most respondents would use their savings to raise the $2000 if required at short notice. However, 38 per cent of respondents would raise the $2000 through some form of credit. This involved:

- borrowing from a friend (5 per cent)
- relative (13 per cent)
- financial institution (20 per cent).

That 38 per cent rises to 49 per cent when including those who would redraw on their mortgage to meet a $2000 emergency. These results highlight the reliance placed on credit as a method of raising funds as most respondent viewed borrowing as the next best alternative to savings.

Figure 1.14: Method of raising $2000
N = 391



Financial stress indicators

Indicators of "missing out"

The results from the survey (as shown in Table 1.2) imply that the majority of respondents were not "missing out" on going out for recreation and entertainment as they were able to afford the various activities outlined in the table below.

Our survey found that some people had cut down on even basic recreation because of rising expenses.

These results are similar to Bray's investigation of hardships in Australia (2001). Bray found that the majority of households in Australia were not missing out on any of the items listed (2001: 12). However, the activities that people cited most often as unaffordable were the same as the results in the current Wesley Report with some slight variance in the percentages.

- One in five respondents (21 per cent) could not afford a holiday away from home.
- A similar number could not afford a night out once a month (18 per cent).
- One in six people could not afford to spend time on paid leisure activities or hobbies (14 per cent).

Table 1.2 Missing out on recreation

	Yes	No–don't want it	No–can't afford it	Not sure
A holiday away from home for at least one week a year	69	10	21	0.2
A night out once a month	62	20	18	0.4
Friends or family over for a meal once a month	75	18	6	2
A special meal once a week	59	28	12	2
Buy new clothes and not second hand, most of the time	80	8	11	1
Spend time on leisure or hobby activities that involve a cost	66	19	14	1
Buy entertainment items e.g. DVD's or CD's	64	24	12	0

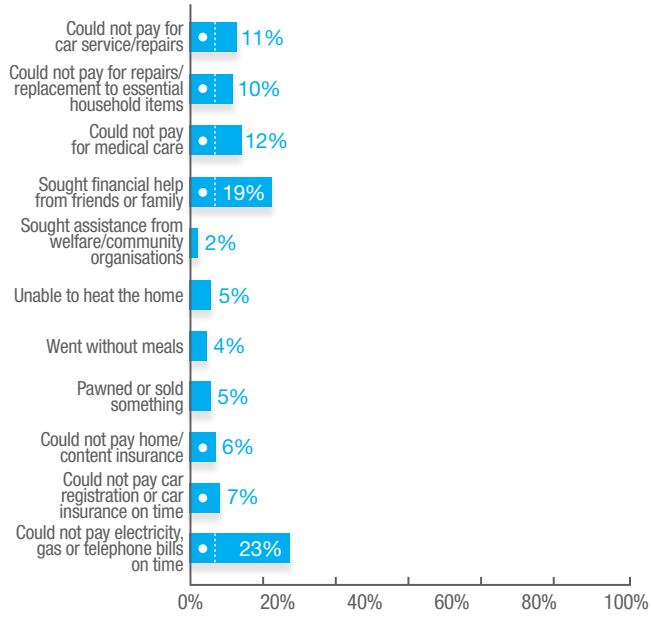
N=450 Source: Wesley Mission Financial Stress Survey 2008

While the percentage of people missing out on these three items was low, it is of particular concern to Wesley Mission financial counsellors. Anecdotal evidence suggests those who cannot afford to engage in the more discretionary activities, such as family holidays, are usually under a great deal of stress leading to a negative impact on their well-being.

Cash-flow problems and financial hardships

The results from Figure 1.15 reveal that most people in Sydney do not experience severe cash-flow problems or financial hardship. Almost one in four respondents (23 per cent) failed to pay an electricity or gas bill on time while almost one in five (19 per cent) sought financial assistance from friends or family.

Figure 1.15: Cashflow problems and financial hardship
N = 450



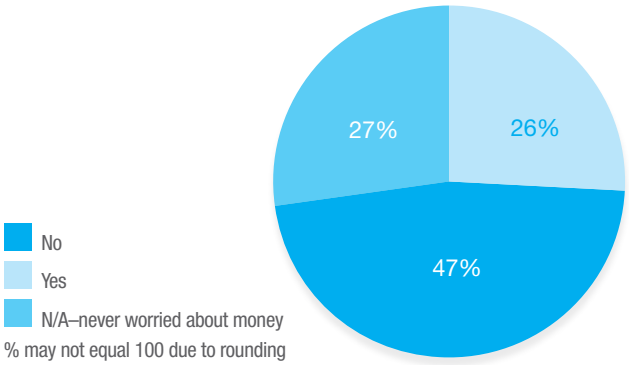
'Not sure' excluded less than 1%

Once again, these results shared similarities to the work by Bray (2000). However, the percentages were much higher for a number of items in this Wesley Report. For example, Bray (2000) found that 16 per cent of respondents could not afford to pay their utility bills on time, whereas this Wesley Report found that 23 per cent of people were in this predicament.

Responding to financial stress

An analysis of help-seeking behaviour for the residents of Sydney revealed that only one in four (26 per cent) spoke to someone regarding their financial concerns. Meanwhile, 47 per cent of respondents who had some financial worry did not seek any advice.

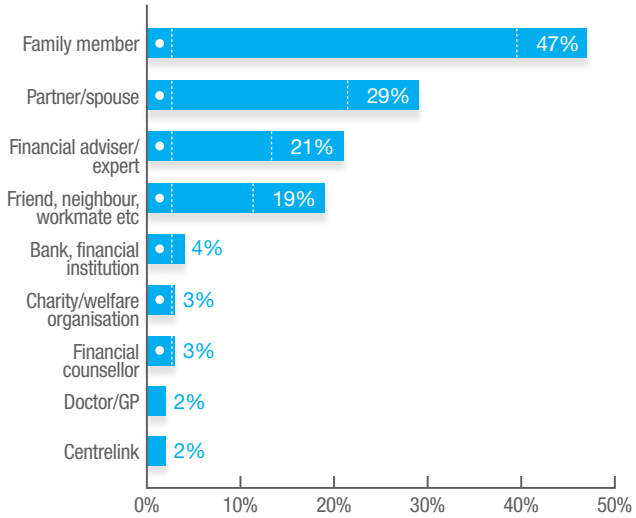
Figure 1.16: Seeking help or advice
N = 450



% may not equal 100 due to rounding

Of the 26 per cent of people who sought assistance, the majority turned to a family member (47 per cent) or spouse/partner (29 per cent) for guidance. There were only 3 per cent of respondents who turned to a professional financial counsellor for assistance. Anecdotal evidence from Wesley Mission financial counsellors revealed that even though only a small proportion of people seek financial counselling, Wesley Creditline lacks the resources to even meet this demand. Wesley Creditline has a permanent two-week client waiting list. This lack of professional counsellors could explain why a greater proportion of respondents turn to a family member or spouse for guidance.

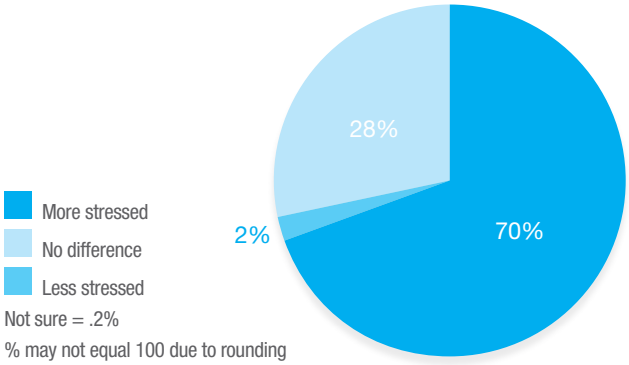
Figure 1.17: Who did you talk to when worried about meeting household expenses?
N = 117



% may not equal 100 due to rounding

When asked about the impact of the respondent's financial situation on their stress level, 70 per cent stated that they had felt more stressed. For 28 per cent of the sample, there was no difference in stress levels while 2 per cent stated they were less stressed in these instances.

Figure 1.18: Level of stress when concerned over finances
N = 327



A comparison of help-seeking behaviour and stress level revealed that two in three respondents (67 per cent) who did not seek help when worried about expenses felt more stressed because of their financial situation. A further disturbing result was that this level of stress was not prevented through the seeking of advice. Rather the majority of respondents who sought advice (74 per cent) were more stressed about their financial affairs.

This result raises two important points:

1. The taboo and shame surrounding the disclosure of personal or household financial problems and the subsequent reluctance to seek professional help.
2. The lack of knowledge regarding access to appropriate services which enable people to move from financial impotence to empowerment and change.


Huge
home
loans
can
crush
a family
$ Peace of mind

How financial stress enters the average home

Husbands who manage to save money from their pay have happier marriages. Lower-income people who don't have credit cards rely on family support—and experience more strain in family relations.

One very disturbing finding from the new survey is that twice as many people as in the 2006 survey find it difficult or impossible to meet the rising prices we are currently experiencing without going into debt.

The causes and factors contributing to the incidence of financial stress were broken down by various Sydney household structures in order to gauge the differing experiences of households. The factors incorporated within this analysis included:

- budgeting regime of individuals in each household structure
- credit card ownership and management
- response to hypothetical scenarios
- financial stress indicators
- response to financial stress.

Household structure and demographics

The majority of households within the sample resided in the South West and Outer West areas of Sydney.

They include:

- 49 per cent of couples with children
- 38 per cent of couples with no children
- 53 per cent of single-household parents
- 33 per cent of live-alone households.

Group/share households were the only type of household structure where the majority lived in the Mid and North West areas of Sydney (35 per cent). As shown in Table 2.1, there was also a large percentage of people from other household types residing in Inner Metro and the Mid and North West areas of Sydney. For example, 30 per cent of single parents lived in the Mid and North West, while 26 per cent of live alone households were in the Inner Metro (Table 2.1).

Income

Table 2.2 reveals that households earning between $70,000 and $100,000 a year before tax were primarily couples with children (27 per cent) and couples without children (33 per cent). Single-parent households generally dominated the low to middle incomes, with 20 per cent earning $20,001-$50,000 before tax, while group/shared (23 per cent) and live alone (26 per cent) households were the largest proportion of those earning $50,001-$70,000 before tax.

Income was primarily in the form of wages or salaries for the respondents in each household type (Table 2.3). The largest percentage of people on government benefits were made up of single parents (30 per cent) and those that lived alone (19 per cent).

Age

The younger age group were mainly in relationships without children (39 per cent). The 30-44 (72 per cent) and 45-59 (58 per cent) year groups were dominated by couples with children (Table 2.4). As can be expected, the older age population of Sydney was largely composed of people who lived alone, with 43 per cent in the 60-74 age category and 33 per cent in the 75 years-and-over category. The majority of single parents within the sample were aged 45-59 (55 per cent), while group/shared households were mostly aged 30-44 (42 per cent).

Table 2.4 Age by household type

	18-29	30-44	45-59	60-74	75+
Couple with children	29%	72%	58%	14%	0%
Couple with no children	39%	8%	13%	27%	50%
Single parent with children	0%	7%	12%	11%	0%
Live alone	7%	7%	13%	43%	33%
Group/shared household	25%	6%	3%	5%	17%
Other	0%	1%	1%	0%	0%
Refused	0%	0%	1%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.1 Household structure by region

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Mid & North West	24%	30%	30%	22%	35%	33%
North	9%	5%	3%	7%	4%	0%
Inner Metro	10%	21%	13%	26%	31%	67%
South	8%	6%	3%	12%	0%	0%
South West & Outer West	49%	38%	53%	33%	31%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.2 Household income

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
<$20,000	1%	6%	18%	17%	0%	0%
$20,000-$35,000	4%	3%	20%	12%	19%	33%
$35,001-$50,000	7%	11%	20%	19%	19%	0%
$50,001-$70,000	15%	5%	18%	26%	23%	0%
$70,001-$100,000	27%	33%	13%	9%	12%	33%
$100,001-$150,000	23%	13%	5%	5%	8%	3%
$150,001+	11%	19%	3%	2%	8%	33%
Don't know/refused	13%	10%	5%	10%	12%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.3 Main source of income

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Government support pension or assistance	2%	5%	30%	19%	12%	33%
Salary or wages from employment	94%	89%	70%	71%	85%	67%
Income from investments	0%	5%	0%	5%	4%	0%
Other	0%	0%	0%	2%	0%	0%
Perfer not to say	1%	2%	0%	0%	0%	0%
Own business/self employed	3%	0%	0%	3%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Household tenure and household structure

The majority of respondents (Table 2.5) were paying off a mortgage, including:

- 76 per cent of couples with children
- 71 per cent of couples with no children
- 60 per cent of single parents with children
- 53 per cent of those living alone.

Respondents living in group/shared accommodation were mainly renters, with 73 per cent of this group in rental situations.

Budgeting

The results in Table 2.6 suggest that single parents comprised the only household structure where the majority did draw up a budget of their household expenses over the last 12 months (60 per cent). More than 50 per cent of respondents in the other household type categories had never drawn up a budget in the last 12 months.

This outcome was explored further by ascertaining the reasons that people in these household types had not drawn up a budget. The results (provided in Table 2.7) indicated that the primary response for all of the household types was that they had never needed one.

This was followed by an examination of household spending patterns over the last 12 months for each household type. The results depicted in Table 2.8 suggest that 52 per cent of couples with children and 44 per cent without children merely broke even most weeks. This was also the case for respondents that lived alone (43 per cent) and those in single-parent households (38 per cent). It was mainly the respondents in group/shared households that dominated the "saved money most weeks" category (62 per cent). However this is most likely due to the fewer responsibilities that people in this category face as well as the greater number of incomes within the household.

'How do we change culture in the way we look at finances? Budgets are the last thing people want to do or will do.' Jeff Lucas, Wesley Counselling Services

Table 2.5 Household dwelling type

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Renting	24%	29%	40%	47%	73%	33%
Paying off a mortgage	76%	71%	60%	53%	27%	67%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.6 Use of budget in past 12 months

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	45%	37%	60%	50%	42%	67%
No	54%	64%	40%	50%	58%	33%
Not sure	1%	0%	0%	0%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.7 Failure to use budgets by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Never needed one	35%	53%	25%	41%	27%	0%
Don't know how/too complicated	4%	0%	13%	0%	0%	0%
No point/too hard to keep to	10%	13%	13%	0%	14%	0%
I'm money conscious in other ways	14%	5%	13%	3%	14%	0%
I only buy what I need	6%	3%	0%	3%	7%	0%
Never got round to it	19%	13%	19%	21%	7%	0%
Other reason	1%	3%	13%	14%	21%	0%
Not sure why I haven't drawn one up	11%	13%	6%	17%	14%	100

N=240 Source: Wesley Mission Financial Stress Survey 2008
Note: 210 cases excluded as they had drawn up a budget.

Table 2.8 Spending by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Spending more than we get most weeks	11%	8%	28%	16%	19%	33%
Breaking even most weeks	52%	44%	38%	43%	19%	67%
Saving money most weeks	38%	44%	35%	40%	62%	0%
Not sure	0%	3%	0%	2%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Credit cards

As indicated in Table 2.9 below, the majority of respondents from each household structure owned at least one credit card.

Table 2.9 Number of credit accounts in each household

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/ shared household	Other
1	56%	49%	69%	64%	45%	50%
2	30%	37%	14%	24%	45%	0%
3	11%	7%	14%	7%	5%	0%
4	2%	5%	3%	2%	5%	50%
5	1%	2%	0%	0%	0%	0%
6	0%	0%	0%	2%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

The research showed that credit card ownership was not restricted by age in any way. At least 67 per cent of respondents in each of the age groups are in possession of a credit card. In the case of the working age population, the percentage soared to at least 80 per cent of respondents.

Table 2.10 Age and credit card ownership

	18-29	30-44	45-59	60-74	75+
Yes	82%	84%	84%	70%	67%
No	18%	16%	16%	30%	33%
Not sure	0%	0%	1%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Our research also highlights a relationship between income and credit card ownership, with an increase in the proportion of credit cards as people moved into the higher income bands. This is highlighted in Table 2.11.

Across all income brackets, most people owned credit cards.
A worrying result was that 54 per cent of respondents on the lowest income bracket-that is earning $20,000 or less-owned a credit card (Table 2.11).

With this in mind, the focus of analysis shifted to the capabilities of these respondents with paying off the balance of their credit cards within the last 12 months.

The results were quite favourable as the majority of respondents in each housing type were always able to pay their outstanding balances. However, a closer look at Table 2.12 suggests that this becomes more difficult with the shift from couple families to single-parent and live-alone households. For example, a greater proportion of single parents (38 per cent) and live-alone households (43 per cent) have never or almost never paid off the entire balance on their credit cards. This situation is reversed when compared to the situation of couple households with an adult couple where more than 60 per cent of respondents had always or almost always paid off their entire balance within the last 12 months.

However, when asked the length of time they would require to pay off the entire balance, the majority of respondents from each household type stated “no longer than three months”. Once again, the results gathered from single-parent and live-alone households was of interest. This is due to the fact that these housing types had a large proportion of people that required 12 months to pay off their balance and in some instances found it impossible. While 22 per cent of live-alone households found three months to be sufficient time to pay off their credit cards, the same number believed that they could never pay off their outstanding balances. With the inclusion of income within the equation, it was discovered that the majority of lone-parent households on either side of the spectrum were earning low to middle-class incomes. This result is also supported by Yates (2007: 29) who argues that “low to moderate income households are likely to a disproportionately high incidence of both low and high level financial stress that is marginally above average” (Table 2.13).

Table 2.11 Credit cards and household income

	<$20,000	$20,001 -$35,000	$35,001 -$50,000	$50,001 -$70,000	$70,001 -$100,000	$100,001 -$150,000	$150,001+
Yes	54%	53%	78%	80%	89%	91%	98%
No	46%	47%	22%	20%	11%	9%	2%
Not sure	0%	0%	0%	0%	0%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.12 Credit card payment frequency by household

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Never	16%	16%	24%	33%	19%	19%
Hardly ever	7%	7%	14%	10%	5%	5%
About half the time	11%	11%	17%	10%	14%	14%
Almost always	18%	16%	7%	12%	29%	29%
Always	48%	47%	38%	36%	33%	33%
Not sure	1%	4%	0%	0%	0%	0%

N=371 Source: Wesley Mission Financial Stress Survey 2008 N/A excluded

Table 2.13 Estimated time to pay off credit card

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Within 3 months	44%	47%	33%	22%	57%	50%
Within 6 months	11%	13%	11%	15%	7%	0%
Within 9 months	7%	10%	0%	7%	0%	0%
Within 12 months	11%	3%	22%	11%	0%	50%
Longer than 12 months	17%	10%	11%	15%	21%	0%
I don't see myself paying off the balance	8%	3%	22%	22%	14%	0%
N/A–already paid off	1%	7%	0%	4%	0%	0%
Not sure	2%	7%	0%	4%	0%	0%

N=205 Source: Wesley Mission Financial Stress Survey 2008
Excluded 245 respondents that either did not own a credit account or always had the balance paid off

Hypotheticals

Can people cope with a $160 increase in monthly expenses?

A significant difference was established between renters and mortgage-owners with reference to the level of difficulty resulting from a hypothetical increase of $160 to their monthly payment requirements.

The figures in Table 2.14 indicate that 36 per cent of renters had great difficulty meeting this additional cost as they would be required to make large sacrifices, while the impact on mortgage-owners was not as severe. The majority of mortgage-owners (32 per cent) could manage the cost fairly easily.

Table 2.14 Hypothetical 1: Ability to meet extra $160 expense by dwelling type

	Renting	Paying off a mortgage
Very easy	6%	13%
Fairly easy	20%	32%
Not very easy–would need to make a few sacrifices	27%	31%
Difficult–would need to make major sacrifices	36%	19%
Not possible–couldn't do it	11%	5%
Not sure	0%	1%

N=450 Source: Wesley Mission Financial Stress Survey 2008

The level of difficulty resulting from this hypothetical increase was assessed from the perspective of individual housing types. The results highlighted a severe impact on single-parent families, with almost half of all respondents (48 per cent) saying they would need to make major sacrifices in order to manage this increased cost. This position was also shared by respondents residing in group/shared households (35 per cent). Couples with children seemed to fare the best of all housing types as it was generally easy for them to manage the cost (35 per cent). However, it can be speculated here that this result is largely based on the financial and emotional support that is provided within a relationship consisting of two incomes (Table 2.15).

This issue was examined further to assess the responses of those who experienced some form of difficulty in meeting the additional hypothetical cost. The results suggested that the primary concern of all household structures was to remain in their properties (Table 2.16).

'Now, if you're working hard, maybe doing two jobs, can't afford a holiday, can't go out once a month, can't take part in leisure activities, where's your stress relief?'

Jeff Lucas, Wesley Counselling Services

Table 2.15 Hypothetical 1: Ability to meet extra $160 expense by household type

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Very easy	9%	14%	5%	17%	15%	0%
Fairly easy	35%	32%	5%	12%	23%	33%
Not very easy–would need to make a few sacrifices	31%	35%	23%	31%	15%	33%
Difficult–would need to make major sacrifices	22%	16%	48%	26%	35%	33%
Not possible–couldn't do it	4%	3%	20%	12%	12%	0%
Not sure	1%	0%	0%	2%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.16 Response to increased cost by household type

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Continue living in the same rental property (manage the cost)	23%	18%	23%	29%	44%	50%
Start looking for another rental property	6%	18%	14%	18%	31%	0%
Continue living in your house (manage the cost)	68%	55%	46%	34%	13%	50%
Sell your house and move into the rental market	1%	6%	11%	11%	6%	0%
Move in with family or friends	1%	3%	0%	3%	6%	0%
Other	2%	0%	6%	5%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

It's time to wake up: the great Australian dream of home ownership is just a nightmare for families who spent far too much on a mortgage.

By overlaying the results in terms of difficulty with managing the cost, the study sought to determine if this universal decision to remain in the property was impacted by the level of difficulty experienced. The results point directly to the level of influence that the financial environment has had on the residents of Sydney. This is particularly evident when considering that the majority of respondents from each household type would rather manage the increased cost despite needing to make major sacrifices. This result is exacerbated by the fact that 56 per cent of couples with children would attempt to continue managing the cost despite it being impossible to do so (Table 2.17).

These results support an attitude mentioned earlier regarding the generally accepted ideal of securing a piece of the "great Australian dream". However, it also demonstrates the possible negative aspects of this attitude as people become willing to run the risk of bank foreclosures and eviction in hopes that they will somehow be able to make the repayments.

Table 2.17 Hypothetical 1: Degree of ease in coping with extra $160 expense and action taken to manage cost by household type

Not very easy–would need to make few sacrifices		Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
	Continue living in the same rental property (manage the cost)	21%	18%	44%	33%	25%	0%
	Start looking for another rental property	3%	14%	0%	6%	0%	0%
	Continue living in your house (manage the cost)	73%	59%	56%	56%	50%	100%
	Sell your house and move into the rental market	1%	9%	0%	0%	25%	0%
	Move in with family or friends	0%	0%	0%	6%	0%	0%
	Other	3%	0%	0%	0%	0%	0%
Difficult–would need to make major sacrifces		**Couple with children**	**Couple with no children**	**Single parent with children**	**Live alone**	**Group/shared household**	**Other**
	Continue living in the same rental property (manage the cost)	29%	20%	21%	36%	56%	100%
	Start looking for another rental property	7%	30%	11%	14%	33%	0%
	Continue living in your house (manage the cost)	64%	50%	53%	21%	0%	0%
	Sell your house and move into the rental market	0%	0%	11%	14%	0%	0%
	Move in with family or friends	0%	0%	0%	0%	11%	0%
	Other	0%	0%	5%	14%	0%	0%
Not possible–couldn't do it		**Couple with children**	**Couple with no children**	**Single parent with children**	**Live alone**	**Group/shared household**	**Other**
	Continue living in the same rental property (manage the cost)	0%	0%	0%	0%	33%	100%
	Start looking for another rental property	22%	0%	43%	67%	67%	0%
	Continue living in your house (manage the cost)	56%	0%	14%	0%	0%	0%
	Sell your house and move into the rental market	0%	0%	29%	33%	0%	0%
	Move in with family or friends	11%	100%	0%	0%	0%	0%
	Other	11%	0%	14%	0%	0%	0%

N=273 Source: Wesley Mission Financial Stress Survey 2008
Excludes 177 responses that found this very or fairly easy

Can people raise $2000 at short notice?

Unlike the hypothetical regarding an increase of $160 to housing repayments, there was no significant relationship between raising $2000 at short notice and housing tenure. Most renters and mortgage owners could save the required amount fairly easily. The only difference lay in the proportion of people that found it difficult or impossible. Of the renters within the sample, 42 per cent would find it difficult, if not impossible, to save the $2000 over a short period of time. In contrast, only 24 per cent of mortgage owners would consider it impossible.

Table 2.18 Hypothetical 1: Degree of ease meeting extra $160 by dwelling type

	Renting	Paying off a mortgage
Very easy	18%	28%
Fairly easy	24%	31%
Not very easy - would need to make a few sacrifices	16%	17%
Difficult - would need to make major sacrifices	22%	16%
Not possible - couldn't do it	21%	8%
Not sure	0%	1%

N=450 Source: Wesley Mission Financial Stress Survey 2008

The ability to raise $2000 within a short space of time was compared to household structure with the intention of determining the degree of difficulty. Three out of the five housing types found it very easy to raise $2000 within a short time frame - couples with no children (33 per cent), live alone households (26 per cent), and group/shared households (27 per cent). While couples with children found it fairly easy to raise the suggested amount (34 per cent), it was the single-parent households that would struggle with such a request. Of the total number of single parent households that participated within the study, 35 per cent found that they would have to make major sacrifices to raise the $2000 (Table 2.19).

An important issue arising from these results was the influence of credit cards on the ability to raise the hypothetical amount of $2000. A cross-tabulation of credit card ownership and level of difficulty in raising the funds was conducted. The results provided in Table 2.20 revealed a significant relationship between these factors. It appeared that respondents with credit cards generally found it easier to raise the $2000 than those without credit cards:

- 30 per cent of respondents with credit cards found it fairly easy
- 30 per cent of respondents without credit cards found it very difficult.

Table 2.19 Hypothetical 1: Degree of ease meeting extra $160 by household type						
	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Very easy	23%	33%	20%	26%	27%	0%
Fairly easy	34%	30%	20%	17%	15%	0%
Not very easy–would need to make a few sacrifices	19%	8%	8%	16%	19%	33%
Difficult–would need to make major sacrifices	14%	18%	35%	21%	15%	67%
Not possible–couldn't do it	10%	10%	18%	19%	23%	0%
Not sure	1%	2%	0%	2%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.20 Hypothetical 1: Degree of ease meeting extra $160 by credit card ownership		
	Yes	No
Very easy	28%	12%
Fairly easy	30%	22%
Not very easy–would need to make a few sacrifices	18%	10%
Difficult–would need to make major sacrifices	15%	30%
Not possible–couldn't do it	9%	27%
Not sure	1%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008
Sig. 0.001; < 0.05

These results were further segmented with the inclusion of housing type divisions in Table 2.21 below. The results point to similar patterns indicating that credit card ownership eased the burden of raising $2000 at a moment's notice. This is quite worrying as it implies that people associate the raising of money with the accumulation of debt. This is particularly evident with single-parent households. In situations where the respondents owned a credit card, 28 per cent of single parents found it very easy to raise the $2000, whereas 55 per cent of single parents without a credit card found it very difficult.

Table 2.21 Hypothetical 2: Degree of ease meeting sudden $2000 expense by household structure and credit card ownership

Couple with children		Yes	No
	Very easy	25%	13%
	Fairly easy	35%	28%
	Not very easy–would need to make a few sacrifices	21%	13%
	Difficult–would need to make major sacrifices	12%	21%
	Not possible–couldn't do it	7%	26%
	Not sure	1%	0%
Couple with no children		**Yes**	**No**
	Very easy	35%	17%
	Fairly easy	32%	17%
	Not very easy–would need to make a few sacrifices	9%	0%
	Difficult–would need to make major sacrifices	14%	50%
	Not possible–couldn't do it	9%	17%
	Not sure	2%	0%
Single parent with children		**Yes**	**No**
	Very easy	28%	0%
	Fairly easy	21%	18%
	Not very easy–would need to make a few sacrifices	3%	18%
	Difficult–would need to make major sacrifices	28%	55%
	Not possible–couldn't do it	21%	9%
Live alone			
	Very easy	31%	13%
	Fairly easy	17%	19%
	Not very easy–would need to make a few sacrifices	19%	6%
	Difficult–would need to make major sacrifices	19%	25%
	Not possible–couldn't do it	12%	38%
	Not sure	2%	0%
Group/shared household		**Yes**	**No**
	Very easy	29%	20%
	Fairly easy	19%	0%
	Not very easy–would need to make a few sacrifices	24%	0%
	Difficult–would need to make major sacrifices	14%	20%
	Not possible–couldn't do it	14%	60%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Financial stress indicators

"Missing out"

There were no significant differences between the overall survey result and the results when broken down into household structure, when looking at whether people were missing out on day-to-day activities (as demonstrated in Table 2.22).

However, what is interesting is the representation of single parents across all factors in comparison to other household types.

Cash-flow problems and financial hardships

An analysis of cash-flow problems and financial hardship in terms of household structure revealed much the same results as the comparison to the indicators of missing out.

The majority of respondents were capable of meeting essential household needs despite a shortage of money. An example of this is provided in Table 2.23 below.

However, there was one exception with reference to seeking financial assistance from family and/or friends. This was the only item where a greater percentage from all household types except single parents responded positively. Bray (2001: 21) categorises the seeking of financial assistance from family and friends as a cash-flow problem. It would appear that of the financial stress indicators discussed by Bray (2001), it was cash-flow problems that had a significant influence on the single-parent household. What is even more troubling is that a shortage of money often leads these households to borrow money in order to cover their costs (Table 2.24).

Table 2.22 Capacity to take annual holiday for one week by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	73%	73%	60%	50%	77%	33%
No–don't want it	10%	11%	0%	19%	0%	0%
No–can't afford it	16%	16%	38%	31%	23%	67%
Not sure	0%	0%	3%	0%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.23 Ability to pay bills by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
No	23%	6%	48%	22%	19%	100%
Yes	77%	94%	53%	78%	81%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.24 Seeking assistance from family by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	16	6	55	29	12	0
No	84	94	45	70	89	100
Not sure	0	0	0	2	0	0

N=450 Source: Wesley Mission Financial Stress Survey 2008

With reference to the other categories assessed, single parents also appeared within the greater proportion of households that experienced difficulty in meeting certain needs. For example, 35 per cent of single-parent households could not afford to repair an essential household item. In comparison, the percentage of respondents from other households ranged from 1 per cent to 15 per cent. This is depicted in Table 2.25.

Responding to financial stress

The results presented thus far have served to demonstrate the degree of financial worry and stress experienced by the various household structures in Sydney. Based on this data the Wesley Mission Report sought to determine the help seeking behaviour of these household types.

A cross-tabulation of household structure with seeking financial advice revealed that the majority of individuals from each household type except couples without children did not seek advice the last time they worried about household expenses.

While 43 per cent of couples without children claimed they had never worried about money, 48 per cent of this group broke even most weeks and had not drawn up a budget. In addition to this, 35 per cent stated that they would need to make a few sacrifices to meet an additional cost of $160. This would imply the existence of at least some financial concern for couples without children.

The difference in the proportion of people that sought financial advice as opposed to those that did not, was largely evident in the single-parent households. Single parents were 30 per cent more likely to avoid the financial counsellor in times of financial concern.

Further analysis sought to identify the support units that these household structures were most likely to turn to when they had financial worry. The results provided in Table 2.26 suggest that the majority of respondents limited discussion of their financial situation to their spouse, family members or close friends. For example, the majority of single-parent and lone households (54 per cent and 67 per cent respectively) would rather turn to a family member than a financial counsellor (8 per cent and 6 per cent)—Table 2.27.

An explanation for this may be the fact that financial issues are considered private. As such people may not be as willing to simply share their experiences with a complete stranger, despite this person being a professional in the field. This argument is supported by anecdotal evidence from Wesley Mission financial counsellors who have witnessed the level of difficulty experienced by clients to simply walk into a financial counselling centre. This may serve to explain why only 3 per cent of respondents, who sought help, turned to financial counselling services.

Table 2.25 Inability to pay essential repairs by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	9	2	35	9	85	33
No	91	97	63	90	15	67
Not sure	0	2	3	2	0	0

N=450 Source: Wesley Mission Financial Stress Survey 2008
% may not add to 100 due to rounding

Table 2.26 Household type most likely to seek advice

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	26	22	33	31	19	0
No	46	35	63	48	42	100
Not applicable - never worried about money	28	43	5	21	39	0

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.27 Source of advice sought by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	40%	36%	0%	6%	20%	0%
No	60%	64%	100%	94%	80%	0%

Family member

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	40%	64%	54%	33%	80%	0%
No	60%	36%	46%	67%	20%	0%

Friends

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	10%	7%	38%	44%	20%	0%
No	90%	93%	62%	56%	80%	0%

Financial counsellor

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	1%	0%	92%	6%	0%	0%
No	99%	100%	8%	94%	100%	0%

N=118 Source: Wesley Mission Financial Stress Survey 2008
Exclude respondents that never stressed about money or did not seek financial advice


Single-parent families suffer the most
$ Family strain

Single parents fare worse

Those most at risk in a financial crisis are single-parent families, people who live alone and single people who live in group accommodation.

Single-parent families face the toughest situation of all in a financial crisis. They experience the most strain within the family, the greatest inability to think clearly and are the most likely to be forced to make “major sacrifices” to meet a sudden extra expense.

Although the respondents from each household type had indicated some level of financial stress, the impacts appear to have been most severely felt by the single-parent households.

This argument is justified by the following factors associated with the single parents' experience of financial stress. They were:

- most likely to make major sacrifices in meeting additional housing costs or the raising of emergency funds
- least likely to seek professional financial advice
- least likely to take a holiday once a year or afford a night out once a month.

Therefore the remaining analysis was directed specifically to exploring the experience of financial stress with reference to those areas mentioned.

Hypotheticals

Increase of rent/mortgage costs by $160

The research showed that single parents were the largest group that would find it difficult to manage a housing cost increase of $160 per month. Half of the single parents aged 30-59 would find it very difficult and 50 per cent of those older than 59 years stated they would not manage the cost increase at all.

It was found that single-parent households tended to reside within the South West and Outer West suburbs of Sydney (53 per cent). In contrast to other household types, single parents within this postcode region (43 per cent) had the greatest difficulty in managing this cost increase.

A similar result was produced in the Mid and North West areas of Sydney where 41 per cent of single-parent households needed to make major sacrifices.

Table 2.28 Ability of single parents to meet extra $160 by region

		Single parent with children
Mid & North West	Very easy	8%
	Not very easy - would need to make a few sacrifices	25%
	Difficult - would need to make major sacrifices	42%
	Not possible - couldn't do it	25%
South West & Outer West	Fairly easy	10%
	Not very easy - would need to make a few sacrifices	24%
	Difficult - would need to make major sacrifices	43%
	Not possible - couldn't do it	24%

N=40 Includes single parents only
Source: Wesley Mission Financial Stress Survey 2008

In relation to housing tenure, the study found the experience of financial stress to be similar for single parents regardless of whether they were renting or paying off a mortgage. The difference lay in the greater proportion of mortgage owners who found it very difficult to meet the increased housing cost (54 per cent).

Raising $2000

The study found that 50 per cent of single parents in the 30-44 and 60-74 age groups required major sacrifices in order to raise $2000 in a short space of time. However, those aged 45-59 generally found it easy to raise this amount (Table 2.29).

Table 2.29 Ability of single parents to raise $2000 by age

		Single parent with children
30-44	Very easy	14%
	Fairly easy	7%
	Not very easy–would need to make a few sacrifices	7%
	Difficult–would need to make major sacrifices	50%
	Not possible–couldn't do it	21%
45-59	Very easy	27%
	Fairly easy	27%
	Not very easy–would need to make a few sacrifices	5%
	Difficult–would need to make major sacrifices	23%
	Not possible–couldn't do it	18%
60-74	Fairly easy	25%
	Not very easy–would need to make a few sacrifices	25%
	Difficult–would need to make major sacrifices	50%

N=40 Includes single parents only
Source: Wesley Mission Financial Stress Survey 2008

This can be understood with the inclusion of mortgage/rent payments and income of respondents within these age groups (Table 2.30). The 30-44 and 60-74 year olds had a higher overall mortgage/rent obligation than their 45-59 year old counterparts.

Furthermore, single parents aged 45-59 years tended to be on higher incomes than the other two groups.

Table 2.30 Single parents' monthly mortgage repayments by age

		Single parent with children
30-44	$200-$500	21%
	$501-$1000	14%
	$1001-$1500	29%
	$1501-$2000	21%
	$2001-$3000	7%
	Don't know/declined	7%
45-59	$200-$500	14%
	$501-$1000	27%
	$1001-$1500	32%
	$1501-$2000	9%
	$2001-$3000	5%
	$3001-$4000	5%
	Don't know/declined	9%
60-74	$1001-$1500	75%
	Don't know/declined	25%

N=40 Includes single parents only
Source: Wesley Mission Financial Stress Survey 2008

Financial stress indicators

"Missing out"

The results provided in Table 2.31 highlight two particular financial stress indicators where single-parent households had missed out in a far greater proportion than other household types.

- Two in five (38 per cent) single parents miss out on a holiday away from home for at least one week out of the year while the proportion of people from other households, missing out on this factor ranged between 15 per cent and 31 per cent.
- One third (35 per cent) of single parents could not afford a night out once a month while the proportion of other households who could not afford this was 11-19 per cent.

Anecdotal evidence provided by Wesley Mission counsellors suggests that while this figure does not implicate the majority of single-parent households, it is still quite concerning as it meant many in this situation were lacking an outlet or coping mechanism for stress related issues.

This was supported by the survey data as the majority of single parents who experienced a negative impact on their ability to think clearly could not afford a holiday once a year or a night out once a month. These figures are highlighted in Table 2.32.

Table 2.31 Ability to take a weeks holiday by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	73%	73%	60%	50%	77%	33%
No–don't want it	10%	11%	0%	19%	0%	0%
No–can't afford it	16%	16%	38%	31%	23%	67%
Not sure	0%	0%	3%	0%	0%	0%

Ability to have a night out every month by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	61%	65%	48%	71%	73%	100%
No–don't want it	22%	24%	18%	14%	7%	0%
No–can't afford it	17%	11%	35%	16%	19%	0%
Not sure	1%	0%	0%	0%	0%	0%

N=450 Source: Wesley Mission Financial Stress Survey 2008

Table 2.32 Ability to think clearly and have a weeks holiday by household structure

		Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
No–unable	Yes	67%	78%	48%	23%	60%	33%
	No–don't want it	3%	0%	0%	15%	0%	0%
	No–can't afford it	30%	22%	52%	62%	40%	67%
		Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes–able	Yes	69%	94%	82%	50%	100%	
	No–don't want it	15%	0%	0%	25%	0%	
	No–can't afford it	16%	6%	18%	25%	0%	

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

Ability to think clearly and have a night out every month by household structure

		Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
No–unable	Yes	48%	67%	33%	46%	60%	100%
	No–don't want it	20%	33%	14%	0%	0%	0%
	No–can't afford it	33%	0%	52%	54%	40%	0%
		Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes–able	Yes	63%	75%	46%	58%	67%	
	No–don't want it	22%	13%	27%	33%	0%	
	No–can't afford it	14%	13%	27%	8%	33%	
	Not sure	1%	0%	0%	0%	0%	

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

Responding to financial stress

Seeking financial advice

An alarming 63 per cent of single families did not seek financial advice when worried about their household expenses. This is disturbing as single-parent households seem to have the worst financial issues and problems of all household types within the sample.

For instance, 78 per cent of single parents felt more stressed when concerned about their financial situation or lack of money. It was further found that 38 per cent of these households only just broke even most weeks, thus highlighting a lack in the ability to save emergency funds. Of this group, 73 per cent felt more stressed when worried about money.

Therefore it can be concluded that the seeking of financial advice by single-parent households may not be due to a lack of need for these services but rather reluctance on the part of single-parent households. This may also be due to the time demands placed on single-parent households.

The significance of this issue is further visible when only 7 per cent of single-parent families turn to a financial counsellor or expert, while 54 per cent sought assistance from their families and 39 per cent turned to their friends.

As such it is not surprising to find that the level of financial stress experienced by single parents largely impacted their relationships with family and friends. In fact, this impact far outweighed that experienced by the other household types in the study.

- 78 per cent stated financial stress negatively impact their relationships with family members
- 50 per cent stated financial stress negatively impacted their relationships with friends.

An inference that can be drawn from these results are that single parent households may be more inclined to turn to family and friends for financial support rather than educational support. As such, this may lead to feelings of embarrassment for the individual or resentment from the family member, thus resulting in a strain being placed on the relationship. This conclusion is further supported through an analysis of a particular cash-flow indicator of financial stress. Just over half the single parent respondents admitted to seeking financial assistance from friends and family.

Two other areas of particular importance to single parent families were the negative impacts on their health and ability to think clearly when making decisions (Table 2.33).

- 75 per cent of single parent families claimed that financial stress had a negative impact on their health
- 66 per cent of single parent families claimed that financial stress had a negative impact on their ability to think clearly when making decisions.

Table 2.33 Impact of stress on relationship, health and capacity to think clearly by household structure

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
Yes	39%	31%	78%	46%	23%	67%
No	61%	70%	22%	54%	77%	33%
Friends	**Couple with children**	**Couple with no children**	**Single parent with children**	**Live alone**	**Group/shared household**	**Other**
Yes	14%	12%	50%	32%	23%	33%
No	86%	89%	50%	68%	77%	67%
Think clearly	**Couple with children**	**Couple with no children**	**Single parent with children**	**Live alone**	**Group/shared household**	**Other**
Yes	46%	36%	67%	57%	75%	100%
No	54%	64%	33%	43%	25%	0%
Health	**Couple with children**	**Couple with no children**	**Single parent with children**	**Live alone**	**Group/shared household**	**Other**
Yes	49%	44%	75%	60%	77%	100%
No	51%	56%	25%	40%	23%	0%

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

Running on empty, deprived of small comforts and unable to focus properly on solving their money problems, single parents lean hard on families for help.

2006-2008: Comparison

A number of aspects from the 2006 Wesley Report, *Financial Stress and it's Impact on the Individual, Family and the Community*, were incorporated into the Wesley Report 2009. The purpose of this was to allow for a direct comparison and to examine any changes that may have occurred since 2006.

The areas of comparison that will be covered in this section are:

- demographics
- existing items of debt and budgeting
- hypotheticals
- help seeking behaviour
- financial stress indicators.

Demographics

Gender

The gender divisions within the current report are much the same as the previous 2006 report.

- 2006: 63 per cent female, 37 per cent male
- 2008: 64 per cent female, 36 per cent male

Household structure

- Couples with children
  - 34 per cent (2006)
  - 58 per cent (2008)
- Couples without children
  - 38 per cent (2006)
  - 14 per cent (2008)
- Lone households
  - 20 per cent (2006)
  - 13 per cent (2008)
- Group/Shared households
  - 8 per cent (2006)
  - 6 per cent (2008)

As can be seen, there are a larger number of couples with children households in the current report. However, the 2006 report did not include the experience of single-parent households within the study.

Housing tenure

The percentage of renters within the sample is slightly higher in the current report at 32 per cent compared to 30 per cent in the 2006 Wesley Report.

There are more mortgage owners in the current study (68 per cent) as opposed to the previous study (36 per cent). However this can be explained by the restrictions placed on the respondents included within the sample. The previous report also included people who owned their own homes (36 per cent) and other forms of tenancy (3 per cent).

Income

A comparison of income levels for the 2006 and 2009 reports revealed that the majority of income earners were taken from the middle-to-high household income categories. In 2006, 29 per cent of respondents were classed as middle-to-high income earners compared to 38 per cent in 2008. There were more respondents in the highest income bracket at 10 per cent in 2008 compared to 4 per cent in 2006, though a lower proportion in the lower income category with 5 per cent in 2008 and 12 per cent in 2006.

Postcode

A comparison for the two reports highlighted a large increase in the number of respondents from the South West and Outer West; 15 per cent in 2006 and 44 per cent in 2008. This meant a drop in the proportion of people from the Inner Metro, North and South areas of Sydney.

Who you gonna call?

From the jaws of defeat, cluey counsellors can snatch small victories

It's one hour to midnight when people come to consult a financial counsellor: the mailbox is stuffed with letters of demand from creditors, the phone is ringing with banks asking for payments of loan arrears, there's a notice of eviction from the mortgaged family home and there's nowhere left to run.

Enter a good counsellor.

Counsellors sit down with the client and work out debts and creditors, income and expenses. The most important thing is to work out a money plan – a schedule of repayments that a client in distress can afford. This requires satisfying the client and the creditors.

"I contact all the creditors. I make out a money plan with a pro rata scale of payments that the client can afford to make and send this to the creditors," said Wesley Sutherland Creditline counsellor Lydia Fournaris.

"Creditors are very, very good if you can satisfy them that the money plan is workable and if they are satisfied that the clients intend to take responsibility for the debts."

With one couple in debt, Lydia got a bank to forgive $1000 in credit card debt. With another, where one spouse undertook counselling for a gambling addiction, banks allowed the counsellor to plead the hardship clause in their personal loans which allowed the loans to be renegotiated to make repayments easier. Banks have, in some cases, waived interest and charges for three months and accepted lower repayments afterwards. The Commonwealth Bank forgave $10,000 in one debt after Lydia presented a money plan for a couple who had agreed to cut expenses to the bone if given a chance to pay off their debts over time.

“ ‘Isn’t that wonderful?’ the clients say,” Lydia said. “They never believe that a financial counsellor can do that.”

A good money plan depends on a practical and intricately planned budget. Everything has to go on there along with all loan repayments: car services, new tyres, school excursions, pet vaccinations, Internet fees, video hire, meals out, etc. The clients and counsellor work out where savings could be made to allow for debts to be repaid. It is crucial that the clients make these decisions because they have to live with them. All the counsellor does is put up options for consideration.

How does a counsellor persuade someone to give up goodies and stick to a budget even if it is for the client’s own good? They accentuate the positive.

Lydia, talking over one client’s budget, questioned whether she wanted any holidays. The woman said, longingly, that she would love one. “Where to?” Lydia asked. “Oh … well, Fiji,” the woman said. They worked out how much it would cost and how much the client needed to put aside each week to get there in a reasonable time. She could eat out: once in two months, not once a month; she spent about $100 a week on takeaways: she would spend only half that and put $50 towards the holiday, and so on. Saving for the treat becomes an integral part of the saving plan to repay debt.

“You have to let them work it out for themselves,” the counsellor said. “They do things they didn’t believe they could do. They learn to be creative. It’s not how much you’re earning, its how much you’re managing your money.”

Lydia points to a coloured square on her office notice-board. It’s a card her former client had sent her from Fiji.

Jennifer Gracie, who works for Wesley Creditline in Sydney and is Co-ordinator of the National Financial Counsellors’ Resource Service, says frontline officers at credit institutions are sometimes ignorant of options that they can offer a client in a financial crisis.

“Sometimes people ring up somebody at a lending institution and say, ‘Look, I’m struggling’. They’re told, ‘You’ve got to pay: no option’. So then people think they can’t do anything to retrieve the situation whereas in fact there are lots of options.

“The turnover of people in these debt collection agencies, even within the finance companies themselves, is enormous; the training is very limited. This is bad for people who need some help and are trying to do something, even hesitantly, to resolve the situation. If they get the slightest knock-back they don’t do anything more: it’s just too hard and too frightening.”

— Dinoo Kelleghan

Wesley Creditline

Credit and Debt Hotline: 1800 808 488

Debt and budgeting

Budgeting

The number of people who did not draw up a budget increased by 15 per cent between 2006 and 2008. This is quite disturbing as a budget is a basic tool for sound financial literacy.

Table 3.1 Budgeting: 2006-2008 comparison

	2008	2006
Yes	46%	64%
No	53%	38%
Not Sure	1%	0%
	N=450	N=400

% may not equal 100 due to rounding
Source: Wesley Mission Financial Stress Survey 2008 and Wesley Misson Financial Stress Report 2006

The good news is that in 2008, fewer people believed they "never needed" to write a budget (an 11 per cent decrease); however, if action counts more than intent, the news is bad: in 2008, the number of people who had "never got around" to drawing up a budget increased by 9 per cent. Thus while there appears to be increasing acknowledgement that using a budget is beneficial, this knowledge is not being translated into action.

Table 3.2 Failure to budget

	2008	2006
Don't know how/too complicated	3%	9%
I only buy what I need	5%	7%
Other reason	5%	2%
No point/too hard to keep to	10%	13%
I'm money conscious in other ways	11%	7%
Not sure why I haven't drawn one up	12%	7%
Never got around to it	18%	9%
Never needed one	37%	48%
	N=240	N=150

% may not equal 100 due to rounding
Source: Wesley Mission Financial Stress Survey 2008 and Wesley Mission Financial Stress Report 2006

More positively, of those that did draw up a budget, there was a 22 per cent increase in the number of people that kept to it entirely and a 12 per cent rise in the proportion of people who usually followed it.

Debt

A comparison of existing debt found a greater proportion of credit card owners within the sample. Results from the 2006 sample found that 78 per cent of people owned at least one credit card, while in 2008, 82 per cent of the sample owned at least one credit card.

Table 3.3 Items of debt

	2008	2006
Credit card or cards	82%	78%
Money owing on an investment that required borrowing	32%	19%
A personal loan from a financial institution	22%	13%
A personal loan from a non-bank lender	8%	
A business or commercial loan	9%	6%
Any other personal debts	5%	6%
HECS/FEE-HELP	1%	6%
	N=450	N=400

% may not equal 100 due to rounding
Source: Wesley Mission Financial Stress Survey 2008 and Wesley Mission Financial Stress Report 2006

Between 2006 and 2008 there was also a 9 per cent increase in the number of people who had personal loans from a financial institution. This may have been due to the relative easing of personal loan application approvals, a growing need to finance cars or other household items because of poor liquidity caused by larger mortgage repayments or rents. This hypothesis is made cautiously as the increase may also be attributable to the samples that were employed in the initial research.

Hypotheticals

The comparative results based on the two hypothetical questions asked, highlight the greatest change in attitudes from 2006 to 2008. There has largely been a negative change in 2008 with more people experiencing some form of difficulty in managing additional financial requirements or costs.

Hypothetical 1: A $160 increase in monthly expenses

Table 3.4 Hypothetical 1: Difficulty in paying extra $160: 2006-2008

	2008	2006
Not sure	1%	0%
Not possible	7%	3%
Difficult	24%	11%
Not very easy	30%	25%
Fairly easy	28%	37%
Very easy	10%	24%
	N=450	N=400

Source: Wesley Mission Financial Stress Survey 2008 and Wesley Mission Financial Stress Report 2006

In 2006, two in three respondents found the $40 per week increase to be very easy (24 per cent) or fairly easy (37 per cent) to manage whereas 25 per cent of respondents were required to make minor sacrifices and 11 per cent need to make major sacrifices.

The results for 2008 reveal a reversal in these figures as just over 50 per cent of respondents stated they would experience some form of difficulty in managing this increased cost. Only 10 per cent of respondents found this to be very easy to manage while a reduction was also experienced in the "fairly easy" category down to 28 per cent.

The proportion of people who would find it impossible to manage had doubled from 3 per cent in 2006 to 7 per cent in 2008. It must be mentioned here that the timing of the surveys in both years may have some influence on the responses achieved.

For instance, the 2006 study was conducted at a time of falling interest rates thereby providing some financial relief for the residents of Sydney. The 2008 study was commissioned at a time of rising economic fear and economic downturn. Furthermore, the costs of rent had dramatically increased suggesting this hypothetical amount was in fact a reality for many people living in Sydney.

Hypothetical 2: Having to raise $2000 at short notice

Table 3.5 Hypothetical 2: Difficulty raising $2000: 2006-2008

	2008	2006
Very easy	25%	37%
Fairly easy	28%	32%
Not very easy	16%	15%
Difficult	18%	10%
Not possible	12%	7%
Not sure	1%	0%
	N=450	N=400

% may not equal 100 due to rounding
Source: Wesley Mission Financial Stress Survey 2008 and Wesley Mission Financial Stress Report 2006

Although the general trend for this scenario had remained similar over the periods of both studies, the percentage of people experiencing difficulty has increased since 2006.

In 2006, 37 per cent of respondents said they could raise the $2000 very easily while 32 per cent found it fairly easily. Some form of difficulty was experienced by one in four respondents where 15 per cent had to make minor sacrifices and 10 per cent required major ones.

In 2008, the majority of respondents found it easy to raise the $2000: 25 per cent stated they found it very easy and 29 per cent found it fairly easy. However, the level of difficulty involved with this hypothetical task had increased. Sixteen per cent of respondents said they would need to make minor sacrifices to save this amount whereas 18 per cent stated that major sacrifices would be required. Furthermore, there was also an increase in the proportion of people who would not be able to raise the $2000 from 7 per cent in 2006 to 12 per cent in 2008.

Financial stress indicators

The results provided in Table 3.6 present a comparison of financial stress indicators from 2006 to 2008. Only the financial stress indicators that were listed in both studies were analysed.

In addition, two of the indicators that were listed in 2006 were elaborated on in 2008. This indicated a need to collapse a number of the indicators analysed for the 2009 report in order to achieve a consistent comparison to the 2006 results. These indicators were:

1. Had to forego family activities:
   - A holiday from home for at least one week a year
   - A special meal once a week
   - Spend time on leisure or hobby activities that involve a cost
   - Family activities once a month that involve a cost (families with children only)
2. Had to forego children's activities :
   - School activities that involve a cost
   - After school activities/lessons

Table 3.6 Financial stress indicators

	2008	2006
Had to forego family activities	12%	18%
Asked to borrow money from friends or family	19%	16%
Unable to pay household bills on time	23%	13%
Had to forego children's activities e.g. school excursions	1%	6%
Pawned or sold something to for something else	5%	5%
Went without meals because of a lack of money	4%	4%
Unable to heat the home	5%	4%
Asked to borrow money from community welfare organisation	2%	1%
	N=450	N=400

% may not equal 100 due to rounding
Source: Wesley Mission Financial Stress Survey 2008 and Wesley Mission Financial Stress Report 2006

While fewer respondents had to forego activities with their families in 2008 due to financial issues, there has been a large increase in the proportion of respondents who found it difficult if not impossible to pay general household bills on time. This result points to the lack of respondents who budget weekly and therefore only just manage to break even most weeks.

Furthermore a comparison of family support over the two periods revealed an increase in respondents seeking financial assistance from family and friends. This result supports a common thread running through this entire report—the over-reliance on family counsel rather than help provided by professionals.

Responding to financial stress

Since 2006 there has been a decline in the proportion of people who sought financial advice when stressed about money. In fact by 2008 the percentage had decreased from 46 per cent in 2006 to 36 per cent in 2008. As such there was also a 10 per cent increase in the proportion of respondents who did not seek any financial advice. This indicates that there may be far more hidden financial stress in the community as people attempt to struggle with their problems on their own.

For respondents who sought some form of advice regarding their financial problems there has been a marked increase in the proportion turning to family members (26 per cent in 2006 to 47 per cent in 2008). As observed in Table 3.7 there has been a decline in the other categories. For instance, 11 per cent of respondents sought advice from a bank or financial institution in 2006 and this figure has dropped to 4 per cent in 2008. This may indicate that people are more likely to turn to family members rather than a lending institution for reasons of fear or embarrassment.

Table 3.7 Seeking advice

	2008	2006
Financial counsellor	3%	3%
Charity/welfare organisation	3%	3%
Bank/Financial institution	4%	11%
Friend, neighbour, workmate etc	19%	19%
Financial adviser	21%	23%
Partner/spouse	29%	36%
Family member	47%	26%
	N=117	N=326

% may not equal 100 due to rounding
Source: Wesley Mission Financial Stress Survey 2008 and Wesley Mission Financial Stress Report 2006

The results regarding the helpfulness of the advice received by respondents in 2008 was in line with those of 2006. That is, the majority of respondents indicated that the advice they received was very useful for them (43 per cent in 2006 to 44 per cent in 2008).

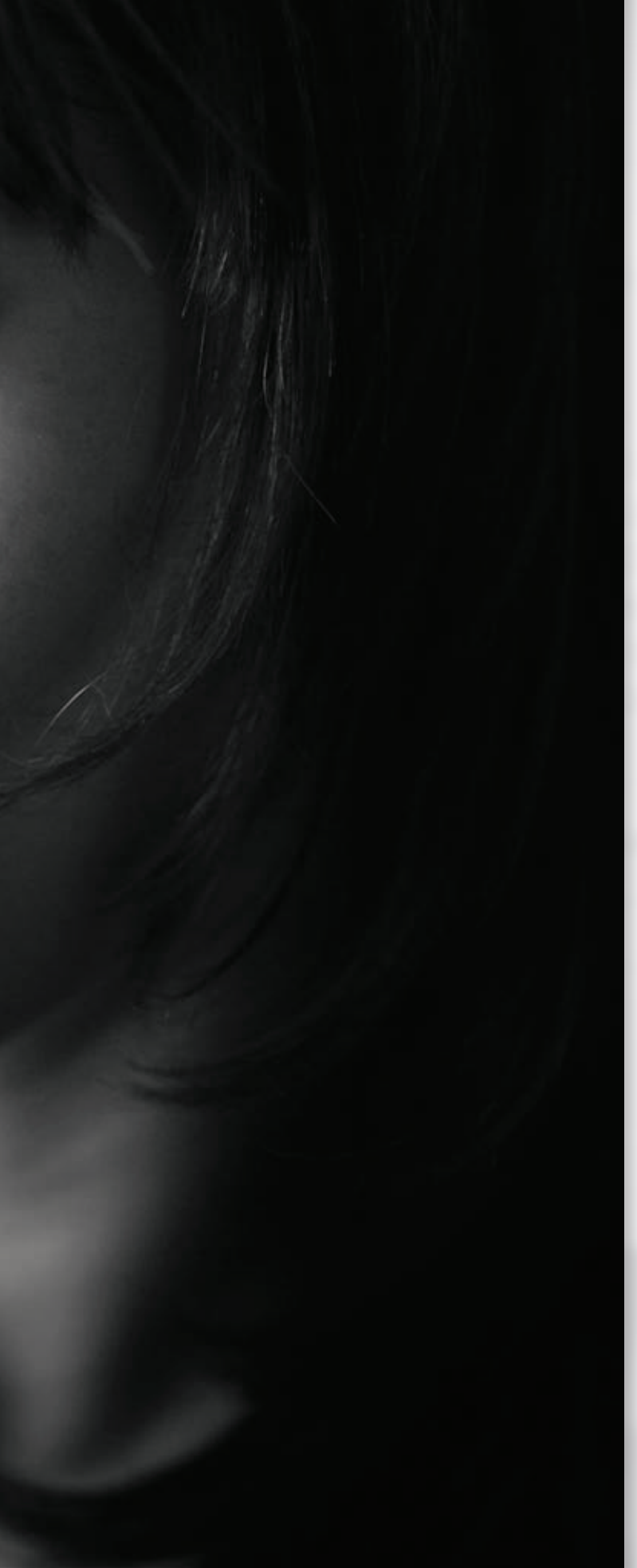
A comparison of the action taken by respondents for the two years revealed an increase in the percentage of respondents reducing their spending through major and minor sacrifices (14 per cent increase).

Table 3.8 Action taken to resolve difficulty

	2008	2006
Approached/borrowed money from a short term lender	0%	1%
Not sure	2%	2%
Pawned or sold an asset	2%	3%
Borrowed money from a bank/lending institution	3%	6%
Spoke to a financial counsellor/adviser/expert	3%	6%
Other	4%	5%
Not applicable	6%	
Borrowed money from friend/family	7%	3%
Cut spending–made major sacrifices	8%	3%
Drew up a budget/tried sticking to a budget	10%	11%
Nothing	11%	34%
Made more money–worked overtime/took up a second job	13%	
Cut spending–made minor sacrifices	22%	8%
Cut spending–stop wasting money on luxuries	20 %	18 %
	N=327	N=326

Multiple responses allowed
Source: Wesley Mission Financial Stress Survey 2008 and Wesley Mission Financial Stress Report 2006


50% of marriages suffer in a financial crisis
$ Fractured families



The destructive effects of financial strain

Our research shows that financial stress shatters family relationships. The situation has worsened since the 2006 Wesley Report on financial stress. People in a financial crisis find it hard to think clearly. Seventy per cent say that financial problems poison other aspects of their lives.

This chapter places specific emphasis on the impact of financial stress on three key areas within the survey. These were:

- impact on personal relationships with spouse/partner
- impact on the ability to think clearly when making decisions
- impact on personal relationships with family.

These items were chosen as they highlighted the primary effects of financial stress on all respondents within the sample. As such, the purpose of this chapter will be to present a profile of respondents most affected in each individual area.

Impact on personal relationships with spouse

The study found more than 70 per cent of respondents from the North and Inner Metro areas of Sydney were likely to experience a negative impact on spousal relationships where they have worried about money. This score is 20 per cent higher than the South, Mid and North West and South West and Outer West suburbs of Sydney (Table 4.1).

Table 4.1 Negative impact on spousal relationships by region

	Mid & North West	North	Inner Metro	South	South West & Outer West
Yes	54	73	77	42	53
No	46	27	24	58	47

N=195 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money and N/A responses

Although there was no direct relationship between the respondent's income level and relationships with a spouse or partner, it is interesting to find that financial stress had a negative impact on the majority of respondents at all income levels except for those earning $100,000-$150,000 a year (Table 4.2).

An analysis of other demographic factors revealed that they had no influence on the respondent's relationship with their spouse. The results highlighted that negative impacts were experienced across all age groups and levels of housing cost.

In terms of a gender comparison there was also no relationship realised. However, the inclusion of household spending served to generate a slight, though relevant, gender difference. The results provided in Table 4.3 below indicate a relationship where the negative impacts on spousal relationships were influenced by household spending for males. In instances where male respondents save more than they get most weeks fewer relationship problems are experienced (55 per cent).

Table 4.2 Negative impact on spousal relationships by income							
	<$20,000	$20,001 -$35,000	$35,001 -$50,000	$50,001 -$70,000	$70,001 -$100,000	$100,001 -$150,000	$150,001+
Yes	100	54	55	54	63	39	56
No	0	46	46	47	37	61	44

N=195 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money and N/A responses

Table 4.3 Negative impact on spousal relationships affected by gender and household spending					
		Spending more than we get most weeks	Breaking even most weeks	Saving money most weeks	Not sure
Male	Yes	67	72	45	0
	No	33	28	55	0
		Spending more than we get most weeks	Breaking even most weeks	Saving money most weeks	Not sure
Female	Yes	62	52	55	100
	No	38	48	44	0

N=195 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money and N/A responses

Money problems bring a high chance of marriage stress in Sydney's north and inner areas.

One minute everything was fine . . .

A financial crisis can escalate quickly, leaving people psychologically unable to cope. Gianni and Sophia's tragedy is a case in point.

When the dream of a comfortable retirement blew up in their faces, a couple in their sixties, came in to see Wesley Creditline financial counsellor, Sumayya Chota.

Gianni started his own business about 20 years ago, supplying and servicing appliances for industries. He was earning good money, bringing in about $1000 a week. He and his wife, Sophia, decided to buy an investment property and expand the business.

When Gianni began his business the mortgage on the family home was $195,000. Now it is $585,000.

The first time Gianni borrowed against his home was to expand his business; he took out $80,000. The second time he took out $140,000. "He thought it was good to expand into another area and have employees work for him there but that never took off," Sumayya said. He only went as far as renting a second warehouses and buying some stuff. There were no employees employed – no work was carried out from there."

Gianni started accumulating credit cards, most to pay for business expenses. He had two warehouses on which he was paying out five-year leases. He was paying off the investment property. He worked hard but was terribly negligent about paperwork and could not see the monster of debt that was growing until it had him cornered. Around 2007, facing ruin, he took out a third mortgage on his family home, this time for $100,000.

"Gianni and Sophia find it very difficult to cope with the situation," said Sumayya. "They find it difficult to remember exactly when they started taking out credit. They can't remember important things and they're very emotional because of what has happened to them.

"They're in their early sixties, close to retirement age – and they're losing their home and all their property.

"The wife is frustrated because their mortgage loan was scheduled so that by the age of 55 it would have been paid out. She is angry with her husband who was in control of the finances. She does not understand business. She was just told all the time to, 'Sign here, sign there, give your identification here because I'm putting you on joint names for this'."

After Gianni's business folded 11 months ago he went to work for a former business rival but only has casual work there – five, 15, 20 hours a week. He cannot meet even these terms because he recently hurt his back. Yet this is their sole source of income – all they have to live on and to attempt to pay off debts now totalling over $1 million.

Gianni and Sophia came to Wesley Creditline for help about four months ago, with letters of demand from creditors raining about them, phone calls threatening them with legal action and visits from the sheriff to evict them from their home. They owed money on their home mortgage and investment property, on the two warehouses that Gianni had leased, on their utility bills and on their seven credit cards. Gianni owed money to many other creditors through his business.

"Most of the time the husband is not at home," says Sumayya. "Sophia is at home. She receives the phone calls, she receives the letters. She brought heaps of letters addressed to her as joint owner in the business, the home property, the investment property and their motor vehicles. The letters and callers throw figures at her that she can't understand."

Sumayya needed to investigate the couple's finances and write to the creditors and work out a money plan but Gianni and Sophia were now so shattered that they couldn't remember when they had taken out loans and what the conditions and current balances were. They were mired in inertia and denial of their situation. There were some things that had been left far too late to fix.

The couple—who by now had absolutely no equity in any of the properties for which they had worked so hard all these years—tried to sell their home and investment property to pay some of the debt but the offers they received were $150,000 short of what was needed.

They tried to consolidate all their debts into one loan but because they have a low credit rating, the banks wouldn't consolidate their debts.

Soon afterwards, their cars and investment property were re-possessed.

Troubles mounted. With Gianni's income drying up, the $50 a week Sophia had been receiving as a carer's allowance to look after her disabled son had become critically important but six months ago the money stopped coming in when the youth was arrested over a violent outburst driven by his mental illness. "That is another traumatic situation for the mother and father," said Sumayya.

The counsellor kept advising Sophia and Gianni to register with Centrelink for Newstart which would bring them $520 a week. "They haven't done that," she said. "Gianni's still thinking that he will get better soon and get work. Sophia said she found it daunting to fill in the Newstart application forms. I told her to bring me the forms, that I would assist her. So far she hasn't brought anything."

Faced with being forced out of their home, the couple's most urgent need was to find somewhere to rent. But because Gianni had no fixed income – generally no income at all – he was turned away by real estate agents.

On 19 January, Gianni and Sophia were sent an eviction notice and they still hadn't found somewhere to rent. "Sophia came to see me to find out if I could advocate on their behalf with the banks to get an extension because they were battling to find accommodation. I sent a letter to the banks' solicitors requesting extra time and fortunately we got an extra two weeks. I informed the solicitors that it's a very traumatic time because they hadn't found anywhere to stay and because the son's court hearing was coming up."

The extension expired in late February and Sumayya called the couple to ask for news.

"Sophia said that they do have accommodation. They were just waiting for the keys of the house so that they can move. She was very emotional on the phone. I asked if a friend had signed as guarantor for them [Gianni had said that one of his friends would do so; he had also claimed that people had offered them $600,000 to $800,000 for their home]. I wanted to know how they got money for the bond for the rented place but she was very confused. She didn't know: she said her husband is arranging everything. She doesn't know at this stage how much rent they're going to pay. At the time of my phone call, she was on the verge of leaving the house to go and meet her son. She only gets to visit her son twice a week—that's quality time for her."

Sophia is on medication for depression. "These people are going deeper and deeper into depression," said Sumayya. "I've suggested that Sophia go for counselling. I can get her a referral. I suggested to Gianni that he should ask for counselling but he's a person of pride and he feels that it'll create a stigma for the family.

"The next step is what happens with eviction. The sheriff will come to the property and put locks on the gates and the doors, and whatever's left behind in the house or outside on that property now belongs to the creditor. The sheriff will tag it and no one else has possession of it any longer."

— Dinoo Kelleghan

Impact on the ability to think clearly when making decisions

The majority of respondents who found it difficult to make decisions when financially stressed came from the Inner Metro and South West and Outer West areas of Sydney.

- 53 per cent from the Inner Metro suburbs of Sydney.
- 54 per cent from the South West and Outer West suburbs of Sydney.

Table 4.4 Ability to think clearly by region

	Mid & North West	North	Inner Metro	South	South West & Outer West
No	46	46	53	40	53
Yes	54	54	47	60	47

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

Income was significantly related to the ability to think clearly. Increases in income level from middle to high were associated with clearer thinking when respondents were worried about finances (Table 4.5):

- more than half (56 per cent) of low to middle income earners found it difficult to think clearly
- A slightly smaller number (52 per cent) of middle to high income earners were able to think clearly when making decisions—despite being financially stressed.

Table 4.5 Ability to think clearly by income

	Low income	Low to middle income	Middle to high income	High income
No	75	56	48	39
Yes	25	44	52	61

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

The source of income was also related to the respondents' ability to think clearly when stressed about finances. Those receiving government benefits were more likely to experience difficulties thinking clearly than those on wages or salaries (Table 4.6).

The survey showed that:

- three quarters (71 per cent) of respondents receiving government benefits had difficulty thinking clearly when stressed about finances
- half (48 per cent) of all wage and salary earners were unable to make clear decisions when stressed about money.

Table 4.6 Ability to think clearly by source of income

	Government support/ pension or assistance	Salary or wages from employment	Income from investments	Other	Own business/ self employed
No	71	48	100	0	43
Yes	29	52	0	100	57

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

Age and gender differences were analysed in terms of the ability to make clear decisions when stressed about money. The results showed that:

- Females found greater difficulty with clear decision making than their male counterparts (53 per cent female; 45 per cent male).
- Young people (18-29 year olds) experienced the greatest difficulty in making clear decisions (69 per cent).

Table 4.7 Ability to think clearly by gender

	Male	Female
No	45	53
Yes	55	47

Ability to think clearly by age

	18-29	30-44	45-59	60-74	75+
No	73	49	49	50	0
Yes	27	51	51	50	100

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

This impact of financial stress on the ability to think clearly proved to be the only item that was significantly related to household structure. The results from this analysis implied that the support provided by a partner served to circumvent the negative effects on the decision making ability of respondents. This is justified by the fact that 55 per cent of couples with children and 64 per cent of couples without children did not experience a negative impact on their ability to think clearly. In contrast the majority of respondents living alone (52 per cent) and in single parent households (66 per cent) found it quite difficult (Table 4.8).

It is not surprising to find that the ability to think clearly was dependent on the respondents' level of spending per week. That is, those who saved most weeks were more likely to be able to think clearly when making decisions. On the other hand, the 62 per cent who spent more than they received most weeks found it extremely difficult to maintain clarity in their decision making (Table 4.9).

Table 4.9 Ability to think clearly by budget planning

	Yes	No	Not sure
No	55	46	33
Yes	45	54	67

Ability to think clearly by advice sought

	Yes	No
No	57	46
Yes	43	54

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

At first glance, there was a surprising result showing that the majority of respondents who either drew up a budget or sought financial assistance found it difficult to make clear decisions:

- 55 per cent of respondents who drew up a budget had difficulty in making decisions when financially stressed
- 57 per cent of respondents who sought financial advice found it difficult to make clear decisions when financially stressed

Table 4.8 Ability to think clearly by household type

	Couple with children	Couple with no children	Single parent with children	Live alone	Group/shared household	Other
No	46	36	66	52	77	100
Yes	55	64	34	48	23	0

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money
Sig = 0.030; <0.05

This result can be explained through an examination of commitment to the budgeting process. The results from this analysis indicate that while a number of respondents had drawn up a budget, only those who always kept to this budget were unaffected in their decision making.

- Three quarters of respondents (71 per cent) who sometimes kept to their budgets experienced difficulty with clear decision-making when stressed about money.
- In comparison, only 46 per cent of respondents who always kept to their budgets experienced difficulty with clear decision-making when stressed about money.

It can also be speculated that a number of these respondents who made a budget may have expected that this action in itself would take care of their financial worries. This may explain why they find it difficult to think clearly in times when the budget falls short due to an unexpected expense. It may be concluded that the ability to think clearly is diminished by the fact that so few respondents actually seek professional assistance, rather than turning to their partners, or family and friends.

An analysis of the major scoring indicators mentioned above, against the ability to think clearly when stressed highlighted a number of interesting results.

Ability to think clearly vs "missing out" indicators

The ability to think clearly when stressed about finances was significantly dependent on the household's ability to take a holiday away from home for at least one week out of the year.

In instances where this could not occur due to a lack of funds, there was an associated increase in the level of difficulty in clear decision making.

According to the results:

- Just over half of the respondents (55 per cent) who could afford to take a holiday from home for one week out of the year did not experience any problems with their decision-making.
- Three quarters of respondents (70 per cent) who could not afford a holiday away from home had difficulty in making clear decisions.

Table 4.10 Ability to think clearly by capacity to take holiday

	Yes	No–don't want it	No–can't afford it
No	45	22	70
Yes	55	78	30

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money
Sig = 0.001; <0.05

This result serves to further support the concerns of Wesley Mission financial counsellors with reference to the importance of having a release from the mental and physical anxiety involved in the managing of household expenses.

The results in relation to the ability to afford having a night out once a month revealed much the same: the majority of respondents who could not afford this were most likely to experience difficulty in clear decision-making.

- 56 per cent of respondents who could afford a night out once a month had clearer decision making ability compared to 70 per cent of respondents who could not afford it.

Table 4.11 Ability to think clearly by capacity to have a night out

	Yes	No–don't want it	No–can't afford it
No	44	42	70
Yes	56	58	30

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money
Sig = 0.004; <0.05

Ability to think clearly vs financial hardship and cash-flow problems

The respondents ability to think clearly was significantly dependent on whether they had been unable to pay a utility bill on time and if they had sought financial aid from family or friends.

- Two thirds of respondents (68 per cent) who had failed to pay a utility bill in the last 12 months experienced an adverse impact on their decision-making ability.
- A similar number of respondents (65 per cent) who sought financial assistance from family and friends had difficulty thinking clearly when stressed about money.

Table 4.12 Ability to think clearly by capacity to pay bills

	Yes	No
No	68	42
Yes	32	58

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money
Sig = 0.001 Fishers Exact Test; <0.05

Ability to think clearly when seeking advice from family

	Yes	No
No	65	43
Yes	35	56

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money
Sig = 0.002 Fishers Exact Test; <0.05

Impact on personal relationships with family

A postcode distribution of the impact of financial stress on the respondents relationship with family members highlighted Sydney's southern suburbs as focal point for negative influences.

- 53 per cent of respondents from the southern suburbs of Sydney experienced negative impacts on their relationships with their family.

Table 4.13 Adverse family relationships by region

	Mid & North West	North	Inner Metro	South	South West & Outer West
Yes	30	46	47	53	48
No	70	54	53	47	52

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

There evidently appears to be an inverse relationship between the impact on family relations and the respondent's income level. The implication here is that respondents with a higher income level tend to experience fewer problems with family members as opposed to those on lower income brackets (Table 4.14):

- Nine tenths of respondents (92 per cent) with a household income of less than $20,000 a year experienced family problems
- Two in five respondents (44 per cent) on low to middle incomes experienced a negative impact on their relationships with family members.

Table 4.14 Adverse family relationships by income

	<$20000	$20001 -$35000	$35001 -$50000	$50001 -$70000	$70001 -$100000	$100001 -$150000	$150001+
Yes	92	50	41	53	38	29	33
No	8	50	59	47	62	71	67

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money
Sig = 0.017; <0.05

With reference to income, there was also a relationship between the source of income and level of impact on family relations. Those whose primary income came from government benefits were more likely to experience a strain on family relations.

- Three quarters of respondents (77 per cent) on government benefits had problems with family members.
- Two in five (41 per cent) wage and salary earners experienced similar problems.

This result is supported by a previous Anglicare Australia (Barbato et al., 2006) report which suggests that most respondents on government benefits are more than likely to experience financial hardships. Therefore it can be assumed that these financial hardships lead many to seek the financial assistance of family members which in turn causes a rift or tension in relationships between the two, due to the over-reliance on this form of support.

Table 4.15 Adverse family relationships by source of income

	Government support, pensions or assistance	Salary or wages from employment	Income from investments	Own business/ self employed
Yes	73	41	100	29
No	27	59	0	71

N=232 Source:Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money
Sig = 0.016; <0.05

The impact of financial stress on family relationships and household spending over 12 months were measured in terms of gender to determine if a difference was evident. Although the results did not depict a difference, they did highlight a relationship that was influenced by household spending (Table 4.16).

- More than half (55 per cent) of males and (56 per cent) females that spent more than they get most weeks experienced a negative impact on their relationship with family due to stress.
- Half of all (52 per cent) males and (59 per cent) females who saved most weeks did not experience negative impacts on familial relationships even though they were financially stressed.

A particularly interesting result achieved with reference to the level of impact on family relationships relates to credit card ownership. The majority of respondents who owned a credit card did not experience a negative impact on their relationships with family. This is reversed for respondents who did not own a credit card.

- Three out of five (59 per cent) of those who owned a credit card had no negative impacts on their relationships with family in times of financial stress.
- Half of all those (53 per cent) who did not own a credit card experienced negative impacts on their relationships with family in times of financial stress.

These results (Table 4.17) present a double-edged sword. On the one hand they support the argument regarding the over-reliance on the family for financial support. However, on the other hand it suggests that the instrument of relief on family ties lay in the ownership of credit cards.

Table 4.17 Adverse family relationships by credit card ownership

	Yes	No
Yes	41	53
No	59	47

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

Table 4.16 Adverse family relationships by as affected by gender and household spending

		Spending more than we get most weeks	Breaking even most weeks	Saving money most weeks
Male	Yes	55	44	48
	No	46	56	52
		Spending more than we get most weeks	Breaking even most weeks	Saving money most weeks
Female	Yes	57	36	41
	No	43	64	59

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money

The extent of the impact on family relationships was compared to the highest scoring indicators of financial stress. These items were:

- being unable to take a weeks' holiday once a year away from home
- being unable to have a night out once a month
- being unable to pay an electricity, gas or telephone bill on time
- seeking financial help from family and friends.

There was a significant relationship between each of the above indicators and the negative impact on family relationships. The results implied that the negative impact was dependent on the level of affordability of each financial stress indicator.

Table 4.18 provides an example of these results.

- Three in five (62 per cent) respondents who sought financial help from friends and family members experienced problems in their relationships with family members.
- A similar number (65 per cent) of respondents who did not seek this form of financial help had better relationships with other family members.

Table 4.18 Adverse family relationships when seeking financial advice from family

	Yes	No
Yes	62	35
No	38	65

N=232 Source: Wesley Mission Financial Stress Survey 2008
Excludes respondents that experienced no difference in stress when worried about money
Sig = 0.001 Fishers Exact Test; <0.05

These results serve to further cement the observations regarding the various problems associated with an over-reliance on family members.

Denial – the enemy of a new start

Financial counsellors can't work miracles by themselves, says Wesley Creditline counsellor Sumayya Chota.

The hardest thing is if clients don't want to accept responsibility for their debts.

You list a couple of options for them and they just refuse: "We can't do this. We're not going to take our kids out of private school. I have to give my three-year-old kid a birthday present of $600. I've been deprived as a child so I want to give my kids the best."

They don't want to look for further employment.

They refuse to save. We have lists of resources and information and education that I could hand over to the clients which have shopping tips, how to save. There's over a hundred ideas of how to save on different little aspects in living expenses but – "No, we're not going to do that.

"No, I have to leave the lights on at night because the kids are scared of the dark.

"No, I have to take my kids to McDonalds every week".

How about paying a little extra to your personal loan or your credit cards or any other creditor that you have? Put an extra $10 or $20 in there. "No, I have to go out to dinner with my mates once a month. I have to contribute to this social event every week – I have to contribute $100."

A common thing is, "I have to have Foxtel for my kids because I don't allow my kids to go out". So, while working out their budget, their money plan, you ask whether they hire DVDs – "Yes". Do they go to the cinema? "Yes, I like to take my kids out". But they've just got the whole Foxtel deal because they said they don't want their kids to go out but they also take the kids to the cinema. When I question this, I'm told, "Yeah, well, my friends like to go out with their children".

They don't give the kids snacks and a drink bottle to take with them. So after giving them $15 for the movies they give another $15 to buy something at the cinema, then some more money to buy ice-cream or something at McDonalds afterwards. They won't budge from this.

They're in denial: "We will just live as we have lived and be quite happy. And if we can't pay our debts, that's no problem, we'll just go bankrupt. Yep, we've got nothing to lose. We'll just go bankrupt."

I explain all the advantages of bankruptcy and the much greater disadvantages. But most of them, because of the depression and the frustration and the anger and the stress of all these huge debts they've incurred, they just want to get rid of the debt and they're not bothered about the consequences. Their friends have said, "Go bankrupt: you will get rid of the debt and you can have a fresh start".

I tell them that their name will be listed on Veda Advantage for seven years. So even after they've been discharged from their debts and want to apply for credit again, credit providers will check on Veda Advantage and find that their credit rating is zero. They'll also be listed on the national personal information index for life as one-time bankrupts.

Implications for policy

Wesley Mission conducted a policy workshop to address the key findings established within this report. The workshop consisted of stakeholders with vested interests in the current financial crisis and included representatives from:

- Anglicare, NSW
- Australian Council of Social Service
- Australian Housing and Urban Research Institute
- Department of Housing
- Fair Trading Advisory Council
- NSW Parliament
- Office of Fair Trading
- St Vincent De Paul, NSW
- Wesley Credit-line and Gambling services
- Wesley Mission Head Office
- Westpac
- Workplace Research Centre

Wesley Mission identifies seven crucial areas from these discussions that require policy action. These are:

1. Financial literacy
2. Regulation of the financial sector
3. Responsible lending
4. Integration of services
5. Affordable housing
6. Financial counselling
7. Support for single-parent households
8. Systemic change

1. Provision and promotion of financial literacy

Wesley Mission calls for:

1.1 The implementation of a national "whole of community" communication campaign on financial literacy.

1.1(a) The campaign should focus on empowering people to take control of their finances and thus avoid financial stress. Communication should provide details of resources where information on money management can be accessed so there is a practical and tangible outcome.

1.1(b) Community service announcements on the issues of financial stress should be placed on television, radio, and other communication channels. Anecdotal evidence shows that some people prefer to access information on financial literacy on their own rather than through a trained financial counsellor. Information on financial literacy should be placed on websites and in places commonly used by community members such as libraries, schools, doctors' surgeries, hospitals, community centres, churches, hospitals, day care centres and youth centres.

1.2 The campaign should be tailored for various points of need in the life cycle using an event-based model. This should guide people in managing finances during various life phases such as a period of unemployment, the birth of a child or in the case of a divorce.

1.2(a) The Federal Government program for students in secondary schools called "Your Money Starter" is a good example of the "event-based" campaign approach. Wesley Mission recommends that this message of financial literacy is reinforced to students after they leave high school and enter tertiary institutions and the workplace. The message can
be reinforced by creating programs on money management skills with regard to the issues associated with life in tertiary institutions and the workplace.

1.3 Financial literacy campaigns should also be aimed at differentially demographic groups such as teenagers, young families, the elderly, migrants and people from non-English backgrounds speaking in a detailed, accessible and specific manner.

1.4 This targeted information should be distributed appropriately. For example, information on financial literacy can be placed in day care centres for young families and on popular youth websites or education-based websites such as Facebook or through e-mail campaigns for young people to access.

2. Regulating the financial sector

Wesley Mission supports:

2.1 The regulation of margin lender providers through licensing and the implementation of appropriate training for employees of lender institutions so as to provide appropriate advice on the products they provide.

2.2 Initiatives ensuring that the risks of margin lending as well as the potential rewards of the product are provided to the investor in simple, easy-to-ead language.

2.3 The provision of information on all fees and charges associated with banking products through the Product Disclosure Statement.

2.4 Creation of a national licensing regime for payday lenders to ensure they lend responsibly and properly assess borrowers' capacity to repay loans.

Wesley Mission calls for:

2.5 The prohibition of unsolicited credit limit increases by lending institutions.

2.6 Tighter regulation on predatory lending practices, such as the advertising of no credit checks which deliberately appeal to vulnerable people in society.

2.7 An undertaking by financial institutions that they would fulfil their social obligation to the community.

2.8 Cultural change in the finance sector. Research has shown that people working in the finance sector are encouraged to sell mortgages and credit cards to vulnerable people (Financial Sector Union, 2007). This culture, which preys on susceptible people, must be changed. The culture in the finance sector must be geared to protect consumers. Sales and social responsibility must go hand-in-hand. The cost of bankruptcy and family breakdown to the community far outweighs the profits gained from lending practices induced by some mainstream and secondary financial institutions.

3. Credit reporting and responsible lending

Wesley Mission calls for:

3.1 The implementation of a national positive credit reporting system, which:

3.1(a) Allows credit providers and other firms that provide services on credit to share information on individual consumer credit files by subscribing and contributing this information to a central database.

3.1(b) Expands the bank's customer base with better access to more consumers, including those with good credit records. It will encourage consumers to maintain good credit records. It will also increase the country's banking stability and encourage steady growth in consumer banking.

3.2 The Government to regulate the client assessment criteria used by lenders. Lenders should assess the ability of the client to repay debt within a reasonable term. They should also consider a change in income or circumstance in the life of the client. They should not just assess the client on the ability to pay minimum repayments.

3.3 An increase in minimum repayments on new credit cards. Minimum repayments should be required to be increased to 3 per cent on all new credit card accounts.

3.4 The effects of this change should be explained to clients when they open an account or accept an increased limit with specific disclosure of the minimum repayment that would be required if the account were fully drawn to its limit. Existing cardholders should be given the option to increase their minimum repayment to 3 per cent at any time. When minimum payments on new credit cards are increased, the time taken to repay a loan would be reduced. Also the total amount in interest that a person will have to repay would be reduced. Thus this has the potential to reduce over-indebtedness.

3.5 The banking sector to ensure that banks provide customers with accurate account records showing debit and credit histories.

3.6 The Federal Government to implement legislation so that exit fees from loans offered by banks are reduced and only reflect administrative costs.

4. Integration of services

Wesley Mission calls for:

4.1 An integration of social services. Education on financial literacy should be integrated into programs such as employment support services and family counselling workshops.

4.2 Increased funding so that family workers, employment consultants and case managers are trained in the delivery of financial education. This is another initiative that will assist in the delivery of services to the vulnerable members of the community.

4.3 Improvement and increased access to public or now-government legal services for people who are financially vulnerable.

5. Affordable housing

Wesley Mission supports:

5.1 The Federal Government initiative to build 20,000 social housing dwellings. This initiative will support low income families who are struggling to make repayments in the private rental market.

5.2 The Federal Government's National Rental Affordability Scheme. This scheme will create affordable rental properties that are 20 per cent below the prevailing market price.

Wesley Mission calls for:

5.3 The Federal Government to initiate a communication strategy that focuses on cultural change. The cultural change should be focused on showing the importance of housing for all Australians.

5.3(a) Anecdotal evidence shows that home ownership is a dream and goal for many Australians. Through an effective communication strategy the Government can inform the public that stable and affordable housing is also an aspect of the Australian dream.

5.4 The Federal Government to establish a national taskforce to review the British Government's initiative to ease mortgage stress. The British Government has implemented the Mortgage Rescue Scheme and the Homeowner Mortgage Support Scheme.

5.4(a) The Mortgage Rescue Scheme allows homeowners to take part in a shared equity deal and thus sell part of their home to a housing association in order reduce mortgage repayments. The other option that the scheme offers is to allow households to sell their entire home outright to a housing association and thus pay subsidised rent and remain in the property.

5.4(b) The Homeowner Mortgage Support Scheme allows lenders to reduce a borrower's current monthly mortgage payments, with the accumulated deferred payments added to the principle and paid at a later date when the borrower's financial circumstances have improved. This scheme is aimed to support borrowers who suffer a temporary fall in income but are expected to recover at a later date.

6. Financial counselling

Wesley Mission supports:

6.1 The increase in funding that has been allocated for financial counselling by the Federal Government.

6.1(a) Anecdotal evidence has shown that at present only 3 per cent of financially stressed people use financial counselling services. At some time unemployment in Australia is expected to rise in 2009 (IBISWorld, 2009). With an increase in unemployment, the number of households experiencing financial stress is expected to increase as well. Thus there is an urgent need for a greater number of financial counsellors in Australia, to assist households who are experiencing financial stress.

Wesley Mission calls for:

6.2 Further funding for financial counselling in Australia. The funding should be used to provide more training and education for potential counsellors and thus increase the number of financial counsellors who are serving the community.

6.2(a) Career paths for financial counsellors are paramount: skills and expertise should be easily transferable within the sector.

7. Support for single-parent households

7.1 The 2009 Wesley Report found that single-parent households bear most of the burden of financial stress. At the same time single-parent households have been projected to increase substantially over next two decades (ABS, 2004).

Wesley Mission calls for:

7.2 An increase in funding for early intervention programs that provide multi-disciplinary case management services to single-parent households and other vulnerable households in society. These case management services should incorporate a number of disciplines such as relationship counselling, financial education, life skills and employment support.

7.3 Improved collaboration between financial counselling services and other services such as employment
and housing.

7.4 Specialist housing for single parents with good access to community and other services.

8. Systemic change

Wesley Mission calls for:

8.1 A government review of the level of private debt that is allowed to accumulate in the Australian economy.

8.1(a) Debt is a necessity and businesses need flexible capital provided by credit loans to function effectively. However at the same time a high debt to GDP ratio implies that the burden of debt repayment on the economy is immense. The burden of debt is a major cause of economic fluctuations and, as events show, has led to recession.

8.2 The monitoring and regulation of private debt levels so that abnormally large cyclical levels of debt are eliminated from the economy.

Appendix 1

Research methodology

The methodology employed within the study took the form of a structured survey composed of closed ended questions. The method of data collection involved the Computer Assisted Telephone Interviewing (CATI) method.

The data collection process was outsourced to Australian Fieldwork Solutions (AFS). This involved an initial pilot of 20 respondents in order to ascertain if any changes to the structure was required and if the length was appropriate. At the completion of this pilot the biggest change required was to the question regarding income. The length was considered sufficient and took approximately 12 minutes to complete.

Originally respondents were asked for their individual income after tax. This question, however, seemed too "personal" and led to a high rate of refusal in participation in the pilot study. The question was adjusted to include the income for the entire household. This served to improve the willingness to respond as individual incomes were less identifiable.

Once the data had been collected, AFS was also responsible for entering it onto an SPSS file. Prior to data entry, Wesley Mission researchers had provided AFS with a coding scheme outlining the preferred codes for each question and the labels attached to them.

Upon receiving the data file the process of collapsing and transforming variables to various levels of measurement began. This process was required in order to run specific statistical analyses on the data file. The data was thoroughly cleaned and checked for outliers prior to the commencement of analysis in order to maintain accurate and valid data.

Sampling

The sampling technique incorporated within the report involved the utilisation of random call lists constructed by Australian Fieldwork Solutions. Although age and household type quotas were originally defined, the financial situation in the November-December period coupled with the onset of Christmas saw the refusal rate increase to more than 40 per cent. As such these quotas were eased to lower the refusal rate in order to work with a suitable sample.

Questionnaire

Good afternoon/evening. My name is _____ calling from Australian Fieldwork Solutions - a research company.

We are conducting a short survey on household spending and activities.

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

If no: *Can I please speak to that person?*

If responsibility is shared: *Whoever shares the responsibility would be fine. Is that you?*

[RE-INTRODUCE IF NECESSARY]

This survey will take no more than 10 minutes. The answers you give will remain confidential and you will not be personally identified in any way.

[ONLY IF REQUIRED:]

This study is being conducted for Wesley Mission. Wesley Mission is a non profit organisation. We are not selling anything or asking for donations.]

Part A: Preliminary questions

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

A1. Can I confirm that you live in Sydney?

1. Yes
2. No — Terminate interview

A2. What is the postcode where you live?

Record _____
(If not within range) — Terminate Interview

A3. And are you … ?

1. Renting — go to A4
2. Paying off a mortgage — go to A5
3. A home owner (PAID IN FULL) — terminate interview
4. Other — terminate interview

A4. And are you … ?

1. Renting privately …
   e.g. from a real estate agent or private landlord
2. Renting publicly…
   e.g. from the Department of Housing — terminate

A5. Which of the following best describes your household? (Read out—accept one response)

1. Couple with children
2. Couple with no children — go to B1
3. Single parent with children
4. Live alone — go to B1
5. Group/shared household
6. (Don't read out) Other (specify _____)

A6. Do you have any children aged below 16 years?

1. Yes (specify how many _____)
2. No

Part B: Planning and money management

Now I'd like to ask a few questions about how you manage your money.

B1. Have you drawn up a plan or budget of your household expenses in the last 12 months? (Read out—accept one response)

1. Yes — go to B2
2. No — go to B3
3. (Don't read out) Not sure — go to B4

B2. How often do you keep to this plan or budget? (Read out—accept one response)

1. Always — go to B4
2. Usually — go to B4
3. Sometimes — go to B4
4. Not often — go to B4
5. Never — go to B4
6. (Don't read out) Not sure — go to B4

B3. What is the main reason you've never drawn up a plan or budget for your expenses? (Don't read out—accept one response)

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. Never got around to it
   (although I know I should have one)
7. Other reasons (specify _____)
8. Not sure why I haven't drawn one up

Instruction: Accept code 8 only if probing produces no reason other than "not sure".

B4. Thinking about the last 12 months, which one of the following statements best describes your household spending? (Read out—accept one response)

1. Spending more than we get most weeks
2. Breaking even most weeks
3. Saving money most weeks
4. (Don't read out) Not sure

Part C: Hypothetical

Instruction: Apply to one only (either renter or mortgage holder) where applicable

C1. Can you please tell me how much you currently pay in (rent/mortgage payments) per month?

Instruction: If payment per week or fortnight given, convert to a monthly payment.

If respondent is reluctant to answer, ask for a 'round figure'. $ _____

C2. Imagine that your monthly (rent/mortgage payment) increased by $160. How easy or difficult would it be for you to meet this additional cost? (Read out—accept one response)

1. Very easy — go to C4
2. Fairly easy — go to C4
3. Not very easy — would need to make a few sacrifices — go to C3
4. Difficult – would need to make major sacrifices — go to C3
5. Not possible – couldn't do it — go to C3
6. (Don't read out) Not sure — go to C4

C3. How would you deal with this increase? (Don't read out responses)

Instruction : If Code 1 at A3 (renting) do not show code 3 or 4

If Code 2 at A3 (mortgage) do not show codes 1 or 2

1. Continue living in the same rental property (manage the cost)
2. Start looking for another rental property
3. Continue living in your house (manage the cost)
4. Sell your house and move into the rental market
5. Move in with family or friends
6. Other (specify _____)

C4. Imagine that you needed $2000 at very short notice (For example only if you had 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 — go to C5
2. Fairly easy — go to C5
3. Not very easy — would need to make a few sacrifices — go to C5
4. Difficult — would need to make major sacrifices — go to C5
5. Not possible – couldn't do it — go to D1
6. (Don't read out) Not sure — go to D1

C5. How do you think you would raise this $2000? (Don't read out—accept all responses)

1. Use savings
2. Redraw on mortgage
3. Sell an asset
4. Borrow from financial institutions 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. (Don't read out) Not sure

Part D: Debt

D1. Do you (or your partner) have any of the following? (Please indicate yes or no)

(Don't read out) Not sure

Instruction: If code 2 or 3 at D1 (a) continue asking remaining questions in D1 (questions b to g).

Then skip to Section E

Do not rotate order	Yes	No	Not sure
a) A credit card or cards	1	2	3
b) Money owing on an investment that required borrowing	1	2	3
c) A personal loan from a financial institution	1	2	3
d) A personal loan from a non-bank lender	1	2	3
e) A business or commercial loan	1	2	3
f) Any other personal debts (e.g. money borrowed from friends)	1	2	3
g) HECS/HELP/FEE HELP	1	2	3

D2. You mentioned credit cards—how many credit card providers does your household currently use? (ANZ, CBA, NAB, WESTPAC, CREDIT UNIONS ETC.)

1. Specify number (_____)
2. (Don't read out) Not sure — go to D4

D3. Are any of these joint accounts i.e. shared by you and any member of your household?

1. Yes—ask how many? (specify _____)
2. No
3. (Don't read out) Not sure

D4. I don't need you to tell me the amount, but do you know what the total credit limit is on (this account/ these accounts)? (Read out—accept one response)

1. Yes – to the nearest $200
2. Yes – roughly
3. No

D5. Again, I don't need you to tell me the amount, but do you know how much you currently owe on (this account/these accounts)? (Read out—accept one response)

1. Yes – to the nearest $200
2. Yes – roughly
3. No

D6. How often in the last 12 months has your entire balance been paid off your credit card or cards? (Read out—accept one response)

1. Never
2. Hardly ever
3. About half the time
4. Almost always
5. Always — Go to E1
6. (Don't read out) Not sure

D7. How long do you think it would take to pay off the balance on your credit card/cards? (Read out—accept one response)

1. Within 3 months
2. Within 6 months
3. Within 9 months
4. Within 12 months
5. Longer than 12 months
6. I don't see myself paying off the balance
7. (Don't read out) N/A – already paid off
8. (Don't read out) Not sure

Part E: Financial stress indicators

I am now going to ask you a few questions about your household.

E1. Does your household take part in the following activities (Please indicate yes or no)

Instruction: If no response—ask 'Is this because you don't want it or can't afford it'? (Code 2 or 3)
(Don't read out) Not sure

Do not rotate order	Yes	No - don't want it	No - can't afford it	Not sure
a) A holiday away from home for at least one week a year	1	2	3	4
b) A night out once a month	1	2	3	4
c) Friends or family over for a meal once a month	1	2	3	4
d) A special meal once a week	1	2	3	4
e) Buy new clothes and not second hand, most of the time	1	2	3	4
f) Spend time on leisure or hobby activities that involve a cost	1	2	3	4
g) Buy entertainment items e.g. DVD's or CD's	1	2	3	4

If code 1 at A6 (Yes I have children) — go to E2
If code 2 at A6 (No I don't have children) — go to E3

E2. Does your household take part in the following activities? (Please indicate yes or no)

Instruction: If no response—ask 'Is this because it's not applicable or because you can't afford it'? (code 2) (Don't read out) Not sure

Do not rotate order	Yes	No - N/A	No - can't afford it	Not sure
a) Family activities once a month that involve a cost e.g. movies	1	2	3	4
b) School activities that involve a cost e.g. school excursion	1	2	3	4
c) After school activities/ lessons e.g. drama, music	1	2	3	4

E3. In the last 12 months, have any of the following happened to you because of a shortage of money?

(Don't read out) Not sure

Do not rotate order	Yes	No	Not sure
a) Could not pay electricity, gas or telephone bills on time	1	2	3
b) Could not pay car registration or car insurance on time	1	2	3
c) Could not pay home/content insurance	1	2	3
d) Pawned or sold something	1	2	3
e) Went without meals	1	2	3
f) Unable to heat the home	1	2	3
g) Sought assistance from welfare/community organisations	1	2	3
h) Sought financial help from friends or family	1	2	3
i) Could not pay for medical care e.g. visit to hospital or dentist	1	2	3
j) Could not pay for repairs/ replacement to essential household items e.g. washing machine, fridge	1	2	3
k) Could not pay for car service/ repairs	1	2	3

Part F: Responding to financial stress

F1. Thinking about the last time you may have been worried about your ability to meet your household expenses. Did you talk about this with anyone or seek any advice? (Read out—accept one response)

1. Yes — go to F2
2. No — go to F4
3. (Don't read out) Not sure — go to F4
4. Not applicable — never worried about money — go to G1

F2. Who did you talk to? (Don't read out—accept all responses)

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 _____)
10. (Don't read out) Not sure

F3. Did the advice you received help you at all? (Read out—accept one response)

1. Yes — a lot
2. Yes — a little
3. No — not that much
4. No — not at all
5. (Don't read out) Not sure

F4. What action, if any, did you take to resolve the problem or to help the financial situation? (Don't read out—accept all responses)

1. Cut spending — stop wasting money, spending on luxuries
2. Cut spending — made minor sacrifices

3. Cut spending — made major sacrifices
4. Made more money — worked overtime
5. Made more money — took up a second job
6. Drew up a budget/tried sticking to a budget
7. Spoke to a financial counsellor
8. Spoke to a financial advisor/expert
9. Approached a charity or welfare organisation
10. Borrowed money from friend/family
11. Borrowed money from a bank/lending institution
12. Pawned or sold an asset
13. Approached/borrowed money from a short term lender
14. Nothing
15. Other (specify _____)
16. Not sure
17. Not applicable

F5. When you have worried about your financial situation/money has this made you any more or less stressed about other aspects of your life? (Read out—accept one response)

1. More stressed
2. Less stressed
3. No difference — go to G1
4. (Don't read out) Not sure — go to G1

F6. Has this stress caused a negative impact on any of the following: (Read out—accept one response)

Do not rotate order	Yes	No	N/A
a) Your relationship with your partner/spouse	1	2	3
b) Your relationship with your family members	1	2	3
c) Your relationship with your friends	1	2	3
d) Your relationship with your work colleagues	1	2	3
e) Your ability to carry out your work	1	2	3
f) Your ability to think clearly when making decisions	1	2	3
g) Your health	1	2	3

Part G: Demographics

I would now like to ask a few questions about you.

G1. Would you mind telling me how old you are?

Record: _____ years

Instruction: If refused, record the quota range

1. 18-29
2. 30-44
3. 45-59
4. 60-74
5. 75+

G2. (Record without asking) Sex

Male or female _____

G3. So could you please tell me your total annual household income before tax as accurately as possible? ($ _____)

G4. And what is the main source of income for your household (Read out—accept one response)

1. Government support, pension or assistance
2. Salary or wages from employment
3. Income from investments
4. Other (specify _____)
5. Prefer not to say

G5. Are there any other any other sources of income for your household? (Don't read out—accept all responses)

1. Yes — Government support pension or assistance
2. Yes — salary or wages from employment
3. Yes — income from Investments
4. Yes — other (specify_____)
5. Prefer not say
6. No — not applicable

Thank you for answering all those questions. As I mentioned the organisation commissioning this survey is Wesley Mission.

Wesley Mission is one of the largest community service organisations in NSW. Wesley Mission provides a broad range services to assist various groups within the community. These include financial counselling, gambling, homeless and supported accommodation services.

Reference list

- ABC News (July 24th 2008). *Rent Crisis Causes Price Jump in Capital Cities.* www.abc.net.au/news/stories/2008/07/24/2312726.htm
- Australian Bureau of Statistics (2000). *Household Expenditure Survey – User Guide 1998-99.* Catalogue reference: CAT 4364.0
- ABS in The Australian (2009). *Soaring Rents put Squeeze on Tenants.* http://www.theaustralian.news.com.au/business/story/0,,24977696-25658,00.html
- Australian Property Monitors (2008). *Quarterly APM Rental Series – June.* http://www.homepriceguide.com.au/media_release/APM_Rental_Market_Report_June2008_Quarter.pdf
- Australian Property Monitors (2008). *Quarterly APM Rental Series – December.* http://www.homepriceguide.com.au/media_release/APM_Rental_Market_Report_December2008_Quarter.pdf
- Barbato, C., Concannon, G., & Leppert , S (2006). *Life on Low Income: State of the Family 2006.* Canberra: Anglicare Australia: pp 1-55
- Bray, R (2001). *Hardship in Australia: An Analysis of Financial Stress Indicators in the 1998-199 Australian Bureau of Statistics Household Expenditure Survey.* Department of Family and Community Services. No. 4: pp 1-100
- Breunig, R & Cobb-Clark, D (2005). 'Understanding the Factors Associated with Financial Stress in Australian Households', *Australian Social Policy 2005*, Social Policy Evaluation Analysis and Research Centre. Australian National University: pp 13-64
- Debt Steps (2008). *Dealing with Debt, Financial Stress and Family.* www.debtsteps.com/financial-stress.html
- Demographia (2009). *5th Annual Demographia International Housing Affordability Survey 2009: Ratings for Metropolitan Markets.* http://www.demographia.com/dhi.pdf : pp 1-52
- news.com.au (01 July 2008). *Struggling with the Mortgage? Get Out Now.* www.news.com.au/business/money/printstory/0,25585,23950554-5013951,00.html
- NSW Department of State and Regional Development (2009). *Sydney and NSW: Fast Facts : pp 1-7*
- The Age (2008). *Rental Property Availability Falls: Data.* http://news.theage.com.au/national/rental-property-availability-falls-data-20081204-6qsm.html
- Worthington, A.C (2006). 'Debt as a Source of Financial Stress in Australian Households', *International Journal of Consumer Studies,* vol. 30, No. 1: pp 2-15
- Yates, J (2007). 'Housing Affordability and Financial Stress', *National Research Venture 3: Housing Affordability for Lower Income Australians.* Australian Housing and Urban Research Institute (AHURI) : pp 1-65


CUSTOMER COPY
C.C RECEIPT
PLEASE RETAIN FOR
YOUR RECORD
THANK YOU FOR YOUR
VALUED CUSTOM.

Wesley Mission
220 Pitt Street Sydney NSW 2000 Australia
PO Box A5555, Sydney South NSW 1235
PH. (02) 9263 5555 FAX. (02) 9264 4681
EMAIL. wesleymission@wesleymission.org.au
WEB. www.wesleymission.org.au

Superintendent Rev. Keith Garner MTh (Oxon)

Wesley Mission is a part of the Uniting Church in Australia.

CR8518_APR_09
Certified System
Quality
ISO 9001
SAI GLOBAL