

## APPENDIX 1 – METHODOLOGY

### *Origins of the study*

The research originated from discussions at the 1999 Annual Conference of the Financial Counsellors' Association of NSW Inc. (FCAN). The absence from the public domain of detailed market information related to consumer indebtedness was highlighted. The Executive of FCAN and researchers from the University of Newcastle agreed to take the first steps towards the provision of adequate market information related to consumer credit and debt issues in Australia. The FCAN Executive made a formal approach to its members and asked them to volunteer to collect data for the project, commencing in 2000. The financial counsellors approached worked in 51 financial counselling services and provided financial counselling from one hundred and four locations in NSW.

### *Agencies involved in the study*

Members working in 22 of the 51 financial counselling services agreed to participate in the study for an initial period of three years. These 22 participating services provide financial counselling from 48 locations (21 in the Sydney metropolitan area and 27 in regional and country NSW [FCAN 1999]). In the fourth year, 2003, one additional Sydney-based agency joined the project. The inclusion of data from this agency did not impact on the proportionate distributions reported for 2003.

Clients include persons who have been referred to a financial counsellor or persons who themselves seek the assistance of a financial counsellor.

### *Size of the group studied*

In 2003 the contributing members conducted 3,053 full initial financial counselling sessions. A total of 88.5% of clients consented to the inclusion of their anonymous data in the study. The final client group for analysis, based on consumer credit and/or debt over-commitment only, comprised 2,322 completed data sets.

The relative number of clients presenting with business debts has been small compared to the overall client group. In the 2002 report, Part K - *Analysis of Clients with Business Entities: 2000-2002* – was included. The combined results for clients with business entities over the four years of the study, 2000 to 2003 inclusive, are presented in this report.

A new question (Question 30) was included as from the 2001 study. As noted in the report the data requested was not always available in full at the initial session.

In 2002 two of the questions, Questions 9 and 10, relating to types of other debt, were extended to allow the type of telephone debt to be identified.

In 2003 further response options were provided for five questions. The options attached to questions 12, 13, 28 and 29 [which address the cause of credit and/or other debt problems] were extended. These questions now allow for a cause [other than the nominated options] to be identified. The options available for Question 12 were also increased to provide additional total annual income categories. To enable income levels up to \$30,000 to be more closely determined, intervals of \$5,000 [in lieu of \$10,000] were used in the 2003 questionnaire.

***Data collection and analysis.***

Financial counsellors, subject to their client's approval, completed a questionnaire based on data available from initial full financial counselling sessions. The contributing services each received instruction in questionnaire completion and provision was made for queries to be addressed. For the purposes of analysis, in the case of couples and couples with children, the representative person for analysis based on age groups was the first mentioned person.

Data was entered and analysed using statistical software.

## APPENDIX 2 - LIMITATIONS

These results are limited as follows:

NSW consumers experiencing financial difficulties may take one or more courses of action including:

- do nothing;
- make an application for bankruptcy;
- approach their creditors directly to negotiate an alternative repayment schedule;
- convert assets to cash to meet their financial commitments (*eg* sell their home, car etc.);
- seek the advice of an accountant or other fee-charging financial advisor or debt administrator;
- borrow more (in the hope that their over-commitment problems are temporary); and/or
- seek financial counselling free of charge from an accredited financial counsellor.

Thus financial counselling is one of a range of alternative courses of action the over-committed consumer can take. The true extent of consumer financial over-commitment in NSW is not known as there is no publicly available data in the marketplace.

The results presented in this report are based on full initial financial counselling sessions. These sessions were conducted in NSW in 2003 by members of the Financial Counsellors' Association of NSW Inc who agreed to participate in the study. These counsellors worked in 23 of the 51 financial counselling services identified in NSW in October 1999.

The 23 financial counselling services involved in the study conducted 3,053 full initial financial counselling sessions during the year. Three hundred and fifty-two clients (11.5%) declined to take part in the study. Incomplete or ambiguous data sets were ignored (2%). Clients presenting with business debts or matters unrelated to financial over-commitment (10.5%) were then excluded. The remaining 2,322 full initial financial counselling sessions (76% of the original total) related to consumer credit and/or other debt over-commitment. This report presents the results of the analysis of data from these 2,322 sessions.

Over the period of the study counsellors reported a waiting time of up to 3 weeks for clients to receive a financial counselling interview. It is not known how many potential clients were deterred from pursuing financial counselling by the waiting time.

## APPENDIX 3 – ADDITIONAL TABLES

The Tables presented in this appendix have been identified by Table Numbers that correspond to certain Exhibits shown in the Results section of the Report. The numbers will not always be consecutive as every Exhibit does not necessarily have a corresponding Table. In some cases the Tables also provide more detailed data.

**Table B1/B2: Consumer Credit Debt and Other Debt Distributions (\$) by Selected Age Groups**

Age Group	Consumer Credit Distribution					Other Debt Distribution				
	50%	75%	90%	97.5%	100%	50%	75%	90%	97.5%	100%
18-24	10,000	19,500	33,600	53,150	69,000	3,000	8,000	15,000	36,900	69,000
25-44	16,000	32,000	80,400	254,350	552,000	3,000	7,000	15,000	45,950	173,000
45-64	18,000	45,000	107,000	230,100	800,000	2,000	8,000	20,500	74,750	500,000
65 +	11,000	20,000	35,000	65,000	185,000	2,000	7,000	17,900	44,650	46,000

**Table B3/B4: Consumer Credit Debt and Other Debt Distributions (\$) by Household Composition**

Household Composition	Consumer Credit Distribution					Other Debt Distribution				
	50%	75%	90%	97.5%	100%	50%	75%	90%	97.5%	100%
Single	14,000	28,000	52,600	151,300	552,000	2,000	6,000	15,000	49,250	500,000
Couple	21,000	49,000	102,400	329,350	670,000	4,000	10,750	33,200	94,850	173,000
Single with Child/ren	12,000	25,000	70,900	245,475	475,000	2,000	5,000	12,400	43,000	143,000
Couple with Child/ren	26,000	63,500	181,200	300,000	800,000	3,000	8,000	20,000	50,000	240,000

**Table B5/B6: Consumer Credit Debt and Other Debt Distributions (\$) by Income Groups**

Income Level	Consumer Credit Distribution					Other Debt Distribution				
	50%	75%	90%	97.5%	100%	50%	75%	90%	97.5%	100%
Up to \$10,000	12,000	25,000	45,000	107,000	370,000	3,000	8,000	20,000	51,650	240,000
\$10,001 - \$20,000	10,000	20,000	44,000	168,750	670,000	2,000	5,000	13,000	42,800	500,000
\$20,001 - \$30,000	16,000	31,500	78,600	190,950	615,000	3,000	7,000	17,000	36,500	173,000
\$30,001 +	30,500	64,000	179,500	327,500	800,000	4,000	10,000	23,500	89,750	195,000
\$30,001-\$40,000	25,500	49,750	129,200	480,150	540,000	4,000	8,000	16,300	45,650	123,000
\$40,001-\$50,000	29,000	70,000	186,200	281,150	404,000	3,000	10,000	25,000	60,500	70,000
\$50,001-\$60,000	44,000	75,000	209,200	461,500	475,000	8,000	16,000	67,500	153,650	154,000
\$60,001 +	54,500	109,000	268,500	589,750	800,000	6,000	14,500	74,000	195,000	195,000

**Table C1: Primary Cause of Credit and/or Other Debt Problems – all groups**

Identified Primary Cause	%
Unemployment	27
Excessive Use of Credit	19
Domestic Discord	15
Ill-Health	18
Adverse litigation	4
Gambling or Speculation	7
Liabilities on guarantees	1
Other	9

**Table C2: Secondary Cause of Credit and/or Other Debt Problems – all groups**

Identified Secondary Cause	%
Unemployment	28
Excessive Use of Credit	16
Domestic Discord	12
Ill-Health	14
Adverse litigation	2
Gambling or Speculation	3
Liabilities on guarantees	1
Other	24

**Table C3/C4: Primary and Secondary Cause of Credit and/or Other Debt Problems by Selected Age Groups (% within each group)**

Identified Primary Cause	Age Groups			
	18-24	25-44	45-64	65 +
Unemployment	38	27	26	11
Excessive Use of Credit	21	20	16	34
Domestic Discord	13	18	12	3
Ill-Health	11	15	25	15
Adverse litigation	4	4	4	12
Gambling or Speculation	1	7	7	14
Liabilities on guarantees	1	1	1	0
Other	11	8	9	11

  

Identified Secondary Cause	Age Groups			
	18-24	25-44	45-64	65 +
Unemployment	27	29	29	21
Excessive Use of Credit	13	17	13	19
Domestic Discord	14	11	12	4
Ill-Health	11	13	17	14
Adverse litigation	3	3	1	4
Gambling or Speculation	3	3	4	3
Liabilities on guarantees	1	1	1	0
Other	28	23	23	35

**Table C5/C6: Primary and Secondary Cause of Credit and/or Other Debt Problems by Selected Household Composition Groups (% within each group)**

Identified Primary Cause	Household Composition Groups			
	Single	Couple	Single + Child/ren	Couple + Child/ren
Unemployment	28	24	24	29
Excessive Use of Credit	19	23	13	27
Domestic Discord	11	3	35	9
Ill-Health	21	23	12	12
Adverse litigation	5	6	3	3
Gambling or Speculation	7	9	3	10
Liabilities on guarantees	1	1	1	1
Other	8	11	9	9
Identified Secondary Cause	Single	Couple	Single + Child/ren	Couple + Child/ren
Unemployment	28	28	31	26
Excessive Use of Credit	15	17	13	21
Domestic Discord	11	5	18	7
Ill-Health	17	13	11	14
Adverse litigation	2	2	3	2
Gambling or Speculation	3	4	3	4
Liabilities on guarantees	1	2	1	1
Other	23	29	20	25

**Table C7/C8: Primary and Secondary Cause of Credit and/or Other Debt Problems  
by Selected Income Groups (% within each group\*)**

Identified Primary Cause	Income Groups							
	up to \$10,000	\$10,001 - \$20,000	\$20,001 - \$30,000	\$30,001 +	\$30,001 - \$40,000	\$40,001 - \$50,000	\$50,001 - \$60,000	\$60,001 +
Unemployment	42	30	25	13	14	18	8	4
Excessive Use of Credit	10	13	21	37	36	34	32	52
Domestic Discord	11	14	19	18	20	21	14	10
Ill-Health	18	25	13	9	11	4	11	4
Adverse litigation	7	4	4	3	3	0	6	3
Gambling or Speculation	5	5	9	11	8	15	14	12
Liabilities on guarantees	1	1	1	2	1	1	3	1
Other	7	9	9	9	7	8	12	12
Identified Secondary Cause	up to \$10,000	\$10,001 - \$20,000	\$20,001 - \$30,000	\$30,001 +	\$30,001 - \$40,000	\$40,001 - \$50,000	\$50,001 - \$60,000	\$60,001 +
Unemployment	33	35	25	16	14	8	16	10
Excessive Use of Credit	15	11	17	22	36	23	23	26
Domestic Discord	11	10	11	15	20	18	13	13
Ill-Health	16	18	12	8	11	11	6	4
Adverse litigation	5	2	2	2	3	1	3	4
Gambling or Speculation	2	3	3	7	8	9	10	9
Liabilities on guarantees	1	1	1	2	1	1	1	4
Other	17	20	30	28	7	28	29	29

\*total %s do not add to 100 in all cases due to rounding

**Table D1: Type of Consumer Credit by Selected Age Groups (% within each group with the particular type of credit)**

Type of Consumer Credit	Age Groups			
	18-24	25-44	45-64	65 +
Credit Cards	43	64	65	71
Personal Loans	49	50	41	18
Housing Loans	3	10	16	2
Other	6	3	2	1

**Table D2: Type of Consumer Credit by Selected Household Composition Groups (% within each group with the particular type of credit)**

Type of Consumer Credit	Household Composition Groups			
	Single	Couple	Single + Child/ren	Couple + Child/ren
Credit Cards	64	70	54	65
Personal Loans	44	44	45	54
Housing Loans	7	13	11	22
Other	2	6	2	4

**Table D3: Type of Consumer Credit by Selected Income Groups (% within each group with the particular type of credit)**

Type of Consumer Credit	Income Groups							
	up to \$10,000	\$10,001 - \$20,000	\$20,001 - \$30,000	\$30,001 +	\$30,001 - \$40,000	\$40,001 - \$50,000	\$50,001 - \$60,000	\$60,001 +
Credit Cards	60	57	62	77	72	81	85	83
Personal Loans	39	38	51	61	61	64	57	65
Housing Loans	5	7	12	21	18	23	23	26
Other	3	2	5	4	4	5	3	1

**Table E1: Primary Type of Other Debt by Selected Age Groups (% within each group with the particular other debt)**

Primary Type of Other Debt	Age Groups			
	18-24 %	25-44 %	45-64 %	65 + %
Nil	24	33	43	52
Telephone	28	18	13	11
Car Repairs/Accident	8	Incl. Other	Incl. Other	8
Other Utilities	Incl. Other	Incl. Other	5	Incl. Other
Fines/Court Costs	11	8	Incl. Other	Incl. Other
Rent/Rental	9	8	5	Incl. Other
Loans from Friends and Associates	5	6	Incl. Other	Incl. Other
Taxation	Incl. Other	Incl. Other	8	Incl. Other
Other – each type less than 5%	15	27	26	29

**Table E2: Primary Type of Other Debt by Selected Household Composition Groups (% within each group with the particular type of other debt)**

Primary Type of Other Debt	Household Composition Groups			
	Single %	Couple %	Single + Child/ren %	Couple + Child/ren %
Nil	38	46	28	38
Telephone	16	10	22	15
Car Repairs/Accident	Incl. Other	5	Incl. Other	Incl. Other
Other Utilities	Incl. Other	Incl. Other	8	Incl. Other
Fines/Court Costs	9	5	5	Incl. Other
Rent/Rental	6	Incl. Other	11	7
Loans from friends/associates	5	9	Incl. Other	5
Taxation	6	6	Incl. Other	7
Legal/Solicitor Costs	Incl. Other	Incl. Other	Incl. Other	5
Centrelink	Incl. Other	Incl. Other	5	Incl. Other
Other – each type less than 5%	20	19	21	23

**Table E3: Primary Type of Other Debt by Selected Income Groups (% within each group with the particular type of other debt)**

Primary Type of Other Debt	Income Groups			
	up to \$10,000 %	\$10,001 - \$20,000 %	\$20,001 - \$30,000 %	\$30,001 + %
Nil	36	32	33	48
Telephone	19	20	18	10
Car Repairs/Accident	6	Incl. Other	Incl. Other	Incl. Other
Other Utilities	Incl. Other	6	5	Incl. Other
Fines/Court Costs	11	8	5	Incl. Other
Rent/Rental	6	8	8	5
Loans from friends/associates	Incl. Other	5	6	7
Taxation	Incl. Other	Incl. Other	5	9
Centrelink	Incl. Other	Incl. Other	6	Incl. Other
Other – each type less than 5%	22	21	14	21

**Table E4: Secondary Type of Other Debt by Selected Age Groups (% within each group with the particular type of other debt)**

Secondary Type of Other Debt	Age Groups			
	18-24 %	25-44 %	45-64 %	65 + %
Nil	48	57	70	82
Telephone	17	14	9	Incl. Other
Other Utilities	5	7	5	Incl. Other
Fines/Court Costs	13	Incl. Other	Incl. Other	Incl. Other
Rent/Rental	6	Incl. Other	Incl. Other	Incl. Other
Other – each type less than 5%	11	22	16	18

**Table E5: Secondary Type of Other Debt by Selected Household Composition Groups (% within each group with the particular type of other debt)**

Secondary Type of Other Debt	Household Composition Groups			
	Single %	Couple %	Single + Child/ren %	Couple + Child/ren %
Nil	65	69	52	57
Telephone	11	7	16	15
Other Utilities	Incl. Other	6	10	9
Fines/Court Costs	5	Incl. Other	Incl. Other	Incl. Other
Other – each type less than 5%	19	18	22	19

**Table E6: Secondary Type of Other Debt by Selected Income Groups (% within each group with the particular type of other debt)**

Secondary Type of Other Debt	Income Groups			
	up to \$10,000 %	\$10,001 - \$20,000 %	\$20,001 - \$30,000 %	\$30,001 + %
Nil	62	57	59	68
Telephone	9	15	13	10
Other Utilities	5	8	7	Incl. Other
Fines/Court Costs	6	Incl. Other	Incl. Other	Incl. Other
Other – each type less than 5%	18	20	21	22

**Table F1: Accommodation by Selected Age Group (% within each group\*)**

Accommodation	Age Groups			
	18-24 %	25-44 %	45-64 %	65 and over %
Fully Owned	1	1	8	22
Mortgage	2	9	15	2
Private Rental	40	47	42	26
State Rental/Public	6	19	23	36
Board/Share	43	18	8	5
Caravan	1	1	Incl. Other	3
Emergency/homeless	1	1	Incl. Other	0
Private - Rent free	3	1	1	2
Detox/Rehab	2	2	1	
Retirement village	0	0	0	2
Gaol	1	Incl. Other	Incl. Other	0
Shelter	1	Incl. Other	Incl. Other	0
Other – each less than 1%	0	1	2	2

\*total %s do not add to 100 in all cases due to rounding

**Table F2: Accommodation by Selected Household Composition Groups (% within each group\*)**

Accommodation	Household Composition Groups			
	Single %	Couple %	Single + Child/ren %	Couple + Child/ren %
Fully Owned	4	10	2	3
Mortgage	5	14	11	22
Private Rental	39	52	47	53
State Rental/Public	20	13	29	14
Board/Share	25	8	8	6
Caravan	1	1	0	Incl. Other
Emergency/homeless	1	0	2	Incl. Other
Private/Rent free	1	2	1	1
Detox/Rehab	3	1	0	Incl. Other
Other – each less than 1%	1	1	1	1

\*total %s do not add to 100 in all cases due to rounding

**Table F3: Accommodation by Selected Income Groups (% within each group\*)**

Accommodation	Income Groups			
	Up to \$10,000 %	\$10,001 - \$20,000 %	\$20,001 - \$30,000 %	\$30,001 + %
Fully Owned	6	5	2	3
Mortgage	5	6	12	19
Private Rental	30	38	50	60
State Rental/Public	20	29	18	6
Board/Share	30	15	15	10
Caravan	1	1	Incl. Other	0
Emergency/homeless	3	1	1	Incl. Other
Private - Rent free	2	1	1	1
Detox/Rehab	1	3	0	0
Gaol	2	0	0	0
Other – each less than 1%	1	1	1	1

\*total %s do not add to 100 in all cases due to rounding

**Table G1: Income Source by Selected Age Groups (% within each group)**

Income Source	Age Groups			
	18-24 %	25-44 %	45-64 %	65 + %
Wage/salary, self-funded, business income, workers compensation, income protection, child support	39	38	38	3
Government cash benefits	54	55	56	93
Various including Govt. cash benefits	1	3	3	2
Family/friends	0	0	1	0
Nil, or income source not stated	6	4	2	2

**Table G2: Income Source by Selected Household Composition Groups (% within each group\*)**

Income Source	Household Composition Groups			
	Single %	Couple %	Single + Child/ren %	Couple + Child/ren %
Wage/salary, self funded, business income, workers compensation, income protection, child support	34	47	22	56
Government cash benefits	60	47	71	37
Various including Govt. cash benefits	2	3	5	4
Family/friends	0	0	0	1
Nil, or income source not stated	4	3	2	2

**Table G3: Income Source by Selected Income Groups (% within each group\*)**

Income Source	Income Groups			
	up to \$10,000 %	\$10,001 - \$20,000 %	\$20,001 - \$30,000 %	\$30,001 + %
Wage/salary, self funded, business income, workers compensation, income protection, child support	5	12	50	89
Government cash benefits	77	84	43	7
Various including Govt. cash benefits	1	3	5	4
Family/friends	0	0	1	0
Nil, or income source not stated	17	1	1	0

**Table H1: Total Annual Income by Selected Age Groups (% within each group\*)**

Income Groups	Age Groups			
	18-24	25-44	45-64	65 +
Up to \$10,000	36	15	19	20
\$10,001-\$20,000	31	34	42	69
\$20,001-\$30,000	24	24	16	9
\$30,001 +	9	26	23	2

\*total %s do not add to 100 in all cases due to rounding

**Table H2: Total Annual Income by Selected Household Composition Groups (% within each group\*)**

Income Groups	Household Composition Groups			
	Single	Couple	Single + child/ren	Couple child/ren
Up to \$10,000	26	16	7	11
\$10,001-\$20,000	46	33	43	15
\$20,001-\$30,000	13	20	32	26
\$30,001 +	16	30	17	47

\*total %s do not add to 100 in all cases due to rounding

**Table I1: Source of Referrals**

Source of Referral	%*
Credit Provider	2
Other (each less than 0.5%)	2
Promotional Campaigns/Material	4
Solicitor/Legal Centre/Aid	4
Health Worker, Hospital	4
Gambling Counsellor/Financial Advisor/Other Financial Counsellor	8
Government Organisation	21
Voluntary/Welfare/Emergency Agency	24
Self/family/friend/former Client	30

\*total % does not add to 100 due to rounding

**Table I2: Recipient of Referrals**

Source of Referral	%
Other (each less than 0.5%)	1
Gambling Counsellor	1
Counselling and Other Health Services	1
Multiple Referrals	2
Solicitor/Legal Centre/Aid	2
Voluntary/Welfare/Emergency Agency	6
Credit Provider	10
Government Organisation	30
Not referred at 1 <sup>st</sup> interview	47

**Table K1: Type of Business Ownership**

Type of Business Ownership	%
Sole Trader	48
Company P/L	29
Partnership	21
Other	2

**Table K2: Business Debt Distribution (\$) by Type of Business Ownership**

	50%	75%	90%
Sole Trader	22,000	50,000	105,000
Partnership	41,000	100,000	161,500
Company	40,000	111,500	200,000

**Table K3: Type of Credit from Financial Institutions  
(% of group presenting with each particular type of credit\*)**

	%
Business Loan	35
Lease	31
Overdraft	19
Mortgage	15
Credit Cards	5
Other/not stated	2
Nil	29

\*multiple types of credit possible

**Table K4: Types of Other Debt (% presenting with each particular type of other debt\*)**

	%
Suppliers	32
Tax	19
Other (each less than 2%)	14
Telephone	2
Nil	40

\*multiple types of credit possible

**Table K5: Primary Cause of Credit and/or Other Debt Problems 2002-2003**

Identified Primary Cause	%*
Lack of Business Ability	25
Economic Conditions	24
Personal Reasons	18
Other or Not Stated	12
Lack of Capital	6
Inability to Collect Debts	3
Failure to Keep Proper Books	3
Gambling or Speculation	3
Excessive Drawings	2
Seasonal Conditions	2

\*total % does not add to 100 due to rounding

**Table K6: Secondary Cause of Credit and/or Other  
Other Debt Problems 2000-2003\***

Identified Secondary Cause	%
Other or Not Stated	30
Lack of Business Ability	18
Economic Conditions	13
Lack of Capital	11
Personal Reasons	10
Failure to Keep Proper Books	6
Seasonal Conditions	6
Inability to Collect Debts	3
Excessive Drawings	3
Gambling or Speculation	2

\*total % does not add to 100 due to rounding

**Table K7: Personal Debts of Owners (\$) –  
Consumer Credit (by Selected Types of Business)**

	50%	75%	90%
Sole Trader	17,000	46,000	126,600
Partnership	26,000	100,000	180,600
Company	25,000	60,000	160,800

**Table K8: Personal Debts of Owners (\$) – Other  
Personal Debt (by Selected Types of Business)**

	50%	75%	90%
Sole Trader	4,000	10,000	20,000
Partnership	5,000	10,500	24,600
Company	5,000	15,000	49,800

## **APPENDIX 4 – INFORMATION PROVIDED BY THE FINANCIAL COUNSELLORS’ ASSOCIATION OF NSW INC.**

*The following information was provided by the Financial Counsellors’ Association of NSW Inc. (FCAN) to provide an understanding of their organisation and the activities of financial counsellors.*

### ***MISSION STATEMENT:***

To ensure the provision of financial counselling to the community of New South Wales and to actively participate in credit and debt reform.

### ***OBJECTIVES OF FCAN:***

To provide the organisational infrastructure to achieve the Mission Statement  
To provide and monitor minimum standards of accreditation of members  
To support, train and educate members  
To advocate on behalf of members  
To work towards a better informed community in the area of credit and debt

### ***GENERAL INFORMATION:***

The members of FCAN are financial counsellors who work in not-for-profit community agencies across New South Wales. The members of the Association fall into five categories: Accredited Member, Associate, Student, Affiliated or Life Member.

The Association has strict membership requirements in relation to initial and on-going training, supervision and other requirements to ensure best practice by its members in providing the community with this valuable service.

Financial counselling is a free, confidential service for individuals, families, and small business operators who are experiencing financial difficulty due to unforeseen circumstances. People from all walks of life, cultures and beliefs seek financial counselling to assist them to better manage their financial situation after unemployment, illness, accident or other problems have affected their life.

Financial counselling supports, educates and empowers clients to overcome their financial difficulties and to manage independently in the future.

Financial counsellors may assist clients in the following ways:

- Assessment of their present financial situation – the client is actively involved in their financial assessment and is shown how to prepare a money plan and is provided with valuable information along the way.
- Providing options for change and improvement and discussion of the advantages and disadvantages of the options provided. (The client decides the action to be taken to effect change – the aim is to empower the client through open discussion and presentation of relevant information so that they may make an informed decision.)
- Providing information on rights of redress to unfair marketplace practices.
- Detailing the debt recovery process – the alternatives, action required and again presenting the advantages and disadvantages of such.
- Bankruptcy may be an option for many clients – as a last resort. Bankruptcy regulations are discussed and clients are often shown a video to aid their understanding, given handouts, and assisted in completing the extensive forms where appropriate.
- Often a client's relationship with their creditors is usually somewhat tense – financial counsellors are able to explain the client's situation, negotiate for change, act as an advocate and mediate with creditors, government departments and service providers as well as call for detailed information. This reduces the stress on the client in the short term while they consider their options.
- Advocacy – where a situation presented is new the financial counsellor puts time into research and networking to establish options.
- Referrals to appropriate avenues of assistance are also provided; *eg* gambling counselling, Community Health, personal and addiction counselling, legal centres, migrant resources *etc.*
- Community education is provided by many financial counsellors.
- Most initial interviews average two hours. Many clients require follow-up interviews to enable information to be collated, to deal with complexities, to liaise with creditors and to decide on the next course of action.
- Financial counsellors do not provide loans or investment advice. Financial counselling is not band-aid treatment, is not rescuing a client, nor is it just budget preparation.

# Appendix 5 – Sample Questionnaire

(presented at 75% of its original size)

Financial Counsellors' Association of NSW Inc. and University of Newcastle Research Data Sheet 2003

## PLEASE COMPLETE THIS FORM FOR NEW CLIENTS ONLY

Please circle one answer only or enter data where indicated. If unknown, write 'uk'

(1) Please indicate the month of the first interview using a numerical figure (eg January = 1, February = 2, etc.)

(2) Approval to use anon. Data:

Yes Y  
No (stop) N

(3) Number of persons: .....

(4) Indicate the main debt involved:

Consumer Credit 1  
Other Debts 2  
Business Credit 3

(5) Consumer Credit: Enter approx.

Amount of debt or N/A  
\$.....

(6) Other Debt: Enter approx.

Amount of debt or N/A  
\$.....

(7) Business Credit: Enter approx.

Amount of debt or N/A  
\$.....  
(if business credit is involved please remember to complete the boxed section Questions 24-29)

(8) Type of consumer credit involved:

None 1  
Housing loan 2  
Personal loan 3  
Credit card/s 4  
Housing loan & personal loan 5  
Housing loan & credit card/s 6  
Personal loan & credit card/s 7  
All credit types listed 8  
Other, specify: .....

(9) Primary type of Other Debt involved:

None 1  
Rent/Rental 2  
Telephone - please indicate:  
Home phone (land line): 300  
Mobile phone: 301  
Internet (ISP Contract): 302  
Other Utilities 4  
Taxation 5  
Car repairs/Accident 6  
Fines/Court costs 7  
Legal/Solicitor costs 8  
Education 9  
Health 10  
Loans from friends/associates 11  
Other, specify: .....

(10) Secondary type of Other Debt

Involvement:  
None 1  
Rent/Rental 2  
Telephone - please indicate:  
Home phone (land line): 300  
Mobile phone: 301  
Internet (ISP Contract): 302  
Other Utilities 4  
Taxation 5  
Car repairs/Accident 6  
Fines/Court costs 7  
Legal/Solicitor costs 8  
Education 9  
Health 10  
Loans from friends/associates 11  
Other, specify: .....

(11) Are more than two types of Other Debt involved:

Yes 1  
No 2

(12) For Clients where no business debt is involved please indicate major cause of credit and/or other debt problems:

Unemployment 1  
Excessive use of credit 2  
Domestic discord 3  
Ill health 4  
Adverse litigation 5  
Gambling or speculations 6  
Liabilities on guarantees 7  
Other, specify: .....

(13) For Clients where no business debt is involved please indicate secondary cause of credit and/or other debt problems:

Unemployment 1  
Excessive use of credit 2  
Domestic discord 3  
Ill health 4  
Adverse litigation 5  
Gambling or speculations 6  
Liabilities on guarantees 7  
Other, specify: .....

(14) Total Annual Income:

None (skip question 15) 1  
1-5,000 2  
5,001-10,000 3  
10,001-15,000 41  
15,001-20,000 42  
20,001-25,000 51  
25,001-30,000 52  
30,001-40,000 6  
40,001-50,000 7  
50,001-60,000 8  
60,000+ 9

(15) Income Source:

Wage/salary 1  
Self-funded/super/investment 2  
Unemployment benefit 3  
Other social security/pension 4  
Business income 5  
Workers Compensation 6  
Other, specify: .....

(16) Year of birth (enter for first two persons only):

Person 1   
Person 2

(17) Gender:

Male 1  
Female 2  
Couple, if both 3  
Group, male 4  
Group, female 5  
Group, mixed 6

(18) Household composition:

Single 1  
Couple 2  
Single + children 3  
Couple + children 4  
Other, specify: .....

(19) Accommodation:

Fully owned 1  
Mortgage 2  
Private rental 3  
State rental/public 4  
Board/share 5  
Caravan 6  
Emergency/homeless 7  
Other, specify: .....

Please complete the remaining questions overleaf

**Business Credit &/or Debt only**  
Please also answer Questions 24-29 in the boxed area below.

(20) Postcode of residence. (If more than one postcode applies, please supply postcode of counselling office).  
Postcode:

(21) Interpreter required:  
No 1  
Yes 2, please state language:  
.....

(22) Source of referral:  
Self/family/friend/former client 1  
Centrelink 2  
Police/Court/Sheriff 3  
Voluntary/Community Org'n 4  
ITSA - bankruptcy 5  
Legal centre 6  
Media/Newspaper/TV 7  
Government department 8  
Credit provider 9  
Legal Aid 10  
Credithelpline 11  
Other, specify: .....

(23) Referred to:  
Centrelink 1  
Police/Court/Sheriff 2  
Voluntary/Community Org'n 3  
ITSA - bankruptcy 4  
Legal centre 5  
Government department 6  
Credit provider 7  
Legal Aid Commission 8  
Counselling/medical, specify:  
.....  
Other, specify: .....

<p>(24) Type of business credit involved:</p> <ul style="list-style-type: none"> <li>None 1</li> <li>Mortgage 2</li> <li>Business loan 3</li> <li>Lease 4</li> <li>Overdraft 5</li> <li>Mortgage &amp; business loan 6</li> <li>Mortgage &amp; lease 7</li> <li>Mortgage &amp; overdraft 8</li> <li>Business loan &amp; lease 9</li> <li>Business loan &amp; overdraft 10</li> <li>Lease &amp; overdraft 11</li> <li>All credit types listed 12</li> <li>Other, specify: .....</li> </ul>	<p>(28) Please indicate the major cause of credit and/or Other Debt problems:</p> <ul style="list-style-type: none"> <li>Economic conditions 1</li> <li>Lack of business ability 2</li> <li>Lack of capital 3</li> <li>Personal reasons 4</li> <li>Excessive interest 5</li> <li>Inability to collect debts 6</li> <li>Excessive drawings 7</li> <li>Seasonal conditions 8</li> <li>Failure to keep proper books 9</li> <li>Gambling or speculations 10</li> <li>Other, specify: .....</li> </ul>
<p>(25) Are there other business debts:</p> <ul style="list-style-type: none"> <li>No 1</li> <li>Yes 2, please specify type: .....</li> </ul>	<p>(29) Please indicate the secondary cause of credit and/or Other Debt problems:</p> <ul style="list-style-type: none"> <li>Economic conditions 1</li> <li>Lack of business ability 2</li> <li>Lack of capital 3</li> <li>Personal reasons 4</li> <li>Excessive interest 5</li> <li>Inability to collect debts 6</li> <li>Excessive drawings 7</li> <li>Seasonal conditions 8</li> <li>Failure to keep proper books 9</li> <li>Gambling or speculations 10</li> <li>Other, specify: .....</li> </ul>
<p>(26) Type of business:</p> <ul style="list-style-type: none"> <li>Sole trader 1</li> <li>Partnership 2</li> <li>Company P/L 3</li> <li>Other, specify: .....</li> </ul>	
<p>(27) Postcode of business. (If more than one postcode applies, please supply postcode of counselling office). Postcode: <input type="text"/></p>	

**IF AVAILABLE (please complete)**

(30a) Credit Repayments  
Total minimum monthly repayments \$.....  
Please use this space to briefly record any other issue which you believe to be of significant interest and which has not already been addressed:  
.....

(30b) How many payments in arrears?  
.....

(30c) Total monthly income  
\$.....

(30d) Monthly rent amount (if renting)  
\$.....

Thank you for your participation in the collection of these important statistics on consumer credit and debt issues in NSW  
For agency use only:

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# Index

## A

### Accommodation

- Age Group 27,29
- Board/share 27-29
- Caravan 27-29
- Emergency/homeless 27-29
- Fully owned 27-29
- Household Composition 27-29
- Income Groups 28-29
- Mortgage 27-29
- Private rental 27-29
- Private-rent free 27-29
- Retirement village 27
- State rental/public 27-29

### Adverse litigation

- Age Group 12-13
- Client Group 11
- Household Composition 14
- Income Groups 15-16

### Age Group

- Accommodation
  - Board/share 27,29
  - Caravan 27
  - Emergency/homeless 27
  - Fully owned 27
  - Mortgage 27,29
  - Private rental 27,29
  - Private-rent free 27
  - Retirement village 27
  - State rental/public 27,29
- Annual income
  - Distribution 33
- Consumer credit debt distribution 5-6
- Consumer credit debts 5,9-10
- Discussion 48-51
- Distribution 2
- Income source
  - Family/friends 30
  - Government cash benefits 30,32
  - Various including etc 30
  - Wage/salary etc 30
- Other debt distribution 6
- Primary causes of consumer credit and debt problems
  - Adverse litigation 12
  - Domestic discord 12
  - Excessive use of credit 12,16
  - Gambling and speculation 12
  - Ill health 12,16
  - Liabilities on guarantees 12
  - Unemployment 12,16
- Primary type of other debt
  - Car repairs/accident 21-22
  - Fines/court costs 21-22,26
  - Loans from friends and associates 21
  - Other utilities 21
  - Rent/rental 21-22
  - Taxation 21-22

- Telephone 21-22,26
- Secondary causes of consumer credit and debt problems
  - Adverse litigation 12
  - Domestic discord 12-13
  - Excessive use of credit 12-13
  - Gambling and speculation 13
  - Ill health 12-13
  - Liabilities on guarantees 13
  - Unemployment 12-13
- Secondary type of other debt
  - Fines/court costs 24
  - Other utilities 24
  - Telephone 24
- Type of consumer credit
  - Credit card 18,20
  - Housing loans 18,20
  - Personal loans 18,20

### Annual Income

- Age Group 33-34
- Client group 33
- Household Composition 33-34

### Arrears

- Credit repayments 37-40

## B

### Business

- Business Debt Distribution
  - Company P/L 42
  - Partnership 42
  - Sole Trader 42
- Personal debts of owners
  - Consumer credit 44
  - Other Personal debt 45
- Primary cause of credit and/or other debt 2000-2003 43
- Secondary cause of credit and/or debt problems 2000-2003 44
- Type of Credit 42
- Type of Other Debt 43,53
- Type of Ownership
  - Company P/L 41,53
  - Partnership 41,53
  - Sole Trader 41,53

## C

### Car repairs/Accident

- Age Group 21-22
- Household Composition 22
- Income Groups 23

### Client Group

- Accommodation 27,29
- Age Distribution 2
- Consumer credit debts
  - Distribution 5
  - Types 18

# Index

Discussion 46-49,51-52  
Household Composition Distribution 3  
Income Distribution 4  
Other debt 5,9  
Primary causes of consumer credit and debt problems 11,15  
Profile 2-4  
Secondary causes of consumer credit and debt problems 11

## Consumer Credit Debt

Age Group 5,9-10,18  
Client Group 5,18  
Discussion 47,51  
Distribution  
    Age Group 5-6  
    Client Group 5  
    Household Group 7  
    Income Group 8  
Household Composition 6,9-10,18  
Income Groups 8-10

Couple, see household composition

Couple with child/ren, see household composition

## Credit Card

Age Group 18,20  
Household Composition 18-20  
Income Groups 19-20

## D

### Domestic Discord

Age Group 12-13  
Client Group 12,16  
Household Composition 13-16  
Income Groups 15-16

## E

### Excessive use of credit

Age Group 12-13,16  
Client Group 11,16  
Household Composition 13-16  
Income Groups 15-17

## F

### Fines/court costs

Age Group 21,22,24,26  
Household Composition 22,25  
Income Groups 23,25

## G

### Gambling and Speculation

Age Group 12-13  
Client Group 11  
Household Composition 13-14  
Income Groups 15-16

## H

### Household composition

Accommodation  
    Board/share 28  
    Caravan 28  
    Emergency/homeless 28  
    Fully owned 27-28  
    Mortgage 27-28  
    Private rental 27-28  
    State rental/public 28  
Annual income  
    Distribution 33-34  
Consumer credit debt distribution 6-7  
Consumer credit debts 6,9-10  
Discussion 46,48-49  
Distribution 3  
Income source  
    Family/friends 31  
    Government cash benefits 30,32  
    Various including etc 31  
    Wage/salary etc 30-31  
Other debt distribution 7  
Primary causes of consumer credit and debt problems  
    Adverse litigation 14  
    Domestic discord 13-14,16  
    Excessive use of credit 13-14,16  
    Ill health 13-14,16  
    Unemployment 13-14,16  
    Gambling and speculation 14  
    Liabilities on guarantees 14  
Primary type of other debt  
    Car repairs/accident 22  
    Fines/court costs 22-23  
    Loans from friends and associates 22-23  
    Other utilities 22,26  
    Rent/rental 22-23,26  
    Taxation 22-23  
    Telephone 22,26  
Secondary causes of consumer credit and debt problems  
    Adverse litigation 14  
    Domestic discord 14-15  
    Excessive use of credit 14-15  
    Gambling and speculation 14  
    Ill health 14-15  
    Liabilities on guarantees 14  
    Unemployment 14-15  
Secondary type of other debt  
    Other utilities 24-25  
    Rent/rental 24  
    Telephone 24-25  
Type of consumer credit  
    Credit card 18-19  
    Housing loans 18-19  
    Personal loans 18-19

# Index

## I

### III Health

- Age Group 12-13,16
- Client Group 11,16
- Household Composition 13-16
- Income Groups 15-16

### Income

- Monthly 37,39-40

### Income group

- Accommodation
  - Board/share 29
  - Caravan 29
  - Emergency/homeless 29
  - Fully owned 29
  - Mortgage 28-29
  - Private rental 29
  - Private-rent free 29
  - State rental/public 28-29
- Consumer credit debt distribution 8
- Consumer credit debts 8-10
- Discussion 46,48-49
- Distribution 4
- Income source
  - Family/friends 31
  - Government cash benefits 31-32
  - Various including etc 31
  - Wage/salary etc 31
- Other debt distribution 8
- Primary causes of consumer credit and debt problems
  - Adverse litigation 15
  - Domestic discord 15
  - Excessive use of credit 15,17
  - Gambling and speculation 15
  - Ill health 15
  - Liabilities on guarantees 15
  - Unemployment 15,17
- Primary type of other debt
  - Car repairs/accident 23
  - Fines/court costs 23
  - Loans from friends and associates 23
  - Other utilities 23
  - Rent/rental 23
  - Taxation 23,26
  - Telephone 23,26
- Secondary causes of consumer credit and debt problems
  - Adverse litigation 16
  - Domestic discord 16
  - Excessive use of credit 16
  - Gambling and speculation 16
  - Ill health 16
  - Liabilities on guarantees 16
  - Unemployment 16
- Secondary type of other debt
  - Fine/court costs 25
  - Other utilities 25

### Type of consumer credit

- Credit card 19-20
- Housing loans 19-20
- Personal loans 19-20

### Income Source

- Age Group 30,32
- Family/friends 30-31
- Government cash benefits 30-32
- Household Composition 30-32
- Income Groups 31-32
- Various including etc 30-31
- Wage/salary etc 30-31

### Internet Access, See utilities

## L

### Land line – telephone, See utilities

### Liabilities on guarantees

- Age Group 12-13
- Client Group 11
- Household Composition 14
- Income Groups 15-16

### Loans

- Friends/associates
  - Age Group 21
  - Household Composition 22
  - Income Groups 23
- Housing
  - Age Group 18,20
  - Household Composition 18-20
  - Income Groups 19-20
- Personal
  - Age Group 18
  - Household Composition 18-20
  - Income Groups 19-20

## M

### Mobile phone, See utilities

## O

### One parent household (single with child/ren)

- See household composition

### Other Debt

- Distribution
  - Age Group 6
  - Client Group 5
  - Household Composition 7
  - Income Group 8
- Types
  - Age Group 21-22,24-26
  - Client Group 21,26
  - Household Composition 22-23,25-26
  - Income Groups 23-26

# Index

## P

### Primary Causes of Consumer Credit and Debt problems

- Adverse litigation 11-12,14-15
- Age Group 12,16
- Client Group 11
- Domestic discord 11-16
- Excessive use of credit 11-17
- Gambling and speculation 11-12,14-15
- Household Composition 13-14,16
- Ill health 11-16
- Income Groups 15-16
- Liabilities on guarantees 11-12,14-15
- Unemployment 11-17

### Primary Type of Other Debt

- Age Group 21-22
- Car repairs/accident 21-23
- Fines/court costs 21-23
- Household Composition 22-23
- Income Groups 23-24
- Loans from friends and associates 21-23
- Other utilities 21-23
- Rent/rental 21-23
- Telephone 21-23

## R

### Referrals

- Recipients 35-36
- Source 35
- Credit repayments 39

### Rent/rental

- Age Group 21-22
- Client Group 21,26
- Household Composition 22-23
- Income Groups 23

### Rental costs

- Monthly 38-40

### Repayments

- Credit 37-40

## S

### Secondary Causes of Consumer Credit and Debt problems

- Adverse litigation 11,13-14,16
- Age Group 12-13
- Client Group 11
- Domestic discord 11-16
- Excessive use of credit 11-14,16
- Gambling and speculation 11,13-14,16
- Household Composition 14-15
- Ill health 11-16
- Income Groups 15-16
- Liabilities on guarantees 11,13-14,16
- Unemployment 11-16

### Secondary type of Other Debt

- Age Group 24
- Client Group 21
- Fines/court costs 24-25
- Household Composition 24-25
- Income Groups 25
- Other utilities 24-25
- Rent/rental 24
- Telephone 24-25

Single, see household composition

Single with child/ren, see household composition

## T

### Type of Consumer Credit

- Age Group 18,20
- Credit card 18-20
- Household Composition 18-20
- Housing loans 18-20
- Income Groups 19-20
- Personal loans 18-20

## U

### Unemployment

- Age Group 12-13,16
- Client Group 11,16
- Household Composition 13-14,16
- Income Groups 15-17

### Utilities

- Other
  - Age Group 21,24
  - Client Group 21,26
  - Household Composition 22,25-26
  - Income Groups 23,25-26
- Telephone
  - Age Group 21-22,24,26
  - Client Group 21,26
  - Discussion 51-52
  - Household Composition 22,24-26
  - Income Groups 23,26
  - Internet Access 21
  - Land line 21-23
  - Mobile phones 21-24