

OUR FINANCIAL WELLBEING: A REPORT ON FINANCIAL STRESS IN QUEENSLAND



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EXECUTIVE SUMMARY

Lifeline Community Care Queensland is the leading provider of Financial Counselling services in Queensland. State Government funding announced in December 2008 significantly enhanced the community's ability to connect to free, independent and confidential Financial Counselling services. This funding expires in June 2010.

This report demonstrates the need for Financial Counselling services in Queensland is ongoing. Individuals and families on welfare payments, or similar levels of income, represent 80% of Lifeline's Financial Counselling clients. They are growing in number as the essential cost of living expenses continues to outstrip increases in welfare payments. In the first two months of 2010, Lifeline saw over 300 new clients with dependent children where combined family income was unable to cover the essential cost of living.

Those on higher income brackets are progressively adding to the number of consumers seeking Financial Counselling. In fact, one in 10 Financial Counselling clients have household incomes of \$60,000 or more, and those earning over \$80,000 are highly represented among those experiencing mortgage stress. The evidence from reviewing debt levels of clients in this income range who are suffering mortgage stress, is that credit cards are being used to bridge the gap between income and living expense.

A study conducted in February 2010 found 28% (1.2 million) Queenslanders are 'financially unfit'. That is to say they have an over-reliance on debt, little or no regular savings, no insurance coverage and high housing costs relative to their income.

Many in Queensland who are seeking help are placed on a waiting list for a Financial Counselling appointment. With the State Government funding provided in 2009, Lifeline's ability to reach more Queenslanders significantly improved. However, the service is still not meeting demand, and, with uncertainty surrounding recurrent funding, it will be deplorable if those seeking help are left with little to no avenues to obtain free and independent assistance. Without the ability to seek help, many in financial distress will continue to turn to additional loans or credit cards in order to pay demanding creditors, essentially compounding their financial hardship.

Financial Counsellors report seeing low income earners unable to manage their credit card bills, while middle-income earners are having problems paying their mortgages. What is common between both groups is the borrowing to repay existing debt - trying to play catch-up, which inevitably fails, and compounds the original debt problem.

With a growing unemployment rate in Queensland, a 23% increase in bankruptcies, increasing house prices and rents, and increasing interest rates, Lifeline Community Care is expecting to see significant financial hardship over the next two years.

Results from research conducted by Government agencies, by banks and other financial institutions, by charities and other support agencies clearly show that there are sectors within the community who continue to find it difficult to cope financially and emotionally with financial stress. While the global financial crisis has increased the number of consumers seeking Financial Counselling, the evidence is that the Financial Counselling resource in Queensland would fail to cover the generic base of those seeking Financial Counselling.

INTRODUCTION

Lifeline Community Care Queensland is a leading provider of community services in Queensland and we pride ourselves on client-focused care. As we're part of the UnitingCare Queensland group of community service organisations, we have a strong values base namely: compassion, justice, respect, working together and leading through learning.

Lifeline Community Care employs 2,400 staff members, is aided by 4,800 volunteers, runs 160 different programs and is located at 250 client service and business sites across metropolitan, rural and regional Queensland. We provide many important services to Queenslanders within key service streams such as individual and community support; children and families; older persons; disability; inclusion support; and childcare.

Services we provide for children and families include foster care, out of home care, supported accommodation, intervention services as well as child abuse and domestic violence programs. Disability, our largest service, provides respite and family support; services for children and young people; communication support; and emergency support.

We are also part of the national Lifeline Australia network and run 10 Lifeline Centres across Queensland. These centres offer a range of individual and community support programs, for example, the 24-hour 13 11 14 Crisis Counselling Line; face-to-face counselling for individuals, couples and families; school-based counselling; financial counselling and community recovery.

Our other key offerings are in the areas of inclusion support, childcare, prison ministry and older persons programs such as the Seniors Enquiry Line, Elder Abuse Prevention Unit and Grandparents program. We are also a Registered Training Organisation and offer a range of accredited training programs.

In October 2008 Lifeline Community Care prepared a report on Lifeline's experience of Financial Counselling in Queensland. In December 2008, the State Government recognised the need to support Financial Counselling and generously committed \$3 million over 18 months to help Queenslanders in financial distress.

The funding provided by the Queensland Government in its mini budget of December 2008 is set to expire this year. With the \$3 million provided, Lifeline has supported the Financial First Aid Line, an immediate first point of call for those in financial distress; recruited 24 new Financial Counselling staff across the state including team leaders and a reporting coordinator to ensure quality and consistency; progressed the Diploma of Community Services - Financial Counselling with the appointment of a Training Manager; improved our reporting and auditing processes to produce more meaningful data; increased community education activities; and purchased cars and other equipment to provide outreach services in remote locations.

In November 2008, Lifeline Community Care launched the Financial First Aid Counselling Line (FFA). The funding provided by the State Government aided Lifeline in expanding this service, extending opening hours, training new staff, and growing the service from helping under 100 callers per month in the first three months of operation to over 420 callers per month (the current average).

With the expansion of the Financial First Aid Counselling Line, the service now supports Lifeline's face-to-face Financial Counselling service by way of a triage system to respond to waiting lists that have become unmanageable at Lifeline Centres around Queensland, due to the extreme demand for Financial Counselling. When contacted by consumers, FFA Financial Counsellors assess the consumer's situation with a view to establishing the degree of urgency in relation to their financial crisis – both in terms of potential litigious issues and emotional wellbeing. An immediate support plan can then be initiated to intercede. Many clients can have their enquiry answered over the telephone by a professional financial counsellor and free up a face-to-face appointment for a client who presents with numerous and complex issues.

Lifeline Community Care is the Queensland Government's nominated provider of Psychological First Aid services in the event of a disaster. Cyclone alerts, equine influenza and the recent floods in central western Queensland have left many Queenslanders seeking assistance. Not only do our Financial Counsellors offer psychological first aid, but also professional Financial Counselling to those in our disaster ravaged communities who seek our expertise.

Lifeline Community Care commissioned this report to provide the community with a realistic indication of financial stress and wellbeing in Queensland. Over a year after the Global Financial Crisis first hit Australia, publicly available evidence combined with the experience of Lifeline Community Care strongly suggests the need for Financial Counselling has not diminished in 2010.

Lifeline Community Care is committed to the provision of free, independent and confidential Financial Counselling to all Queenslanders.

RESEARCH METHODOLOGY

TNS adopted a multistage approach to the research:

Stage	Task
Analysing Lifeline Community Care's Internal Data	Internal data from the Lifeline Community Care Queensland's Carelink system was analysed to produce a snapshot summary of the types of people who are currently accessing Financial Counselling services.
Analysis of recent reports and publicly released research documents	A review of published data and commentary assessing the current financial situation of Queenslanders was undertaken using a variety of sources such as newspapers, publications with a national financial or business focus (i.e. The Australian Financial Review) and statistical resources such as the Australian Bureau of Statistics.
In-depth Interviews with Lifeline Financial Counsellors	In-depth interviews were conducted with four counsellors to gain a greater understanding of what problems and impacts clients are facing – these discussions then provided information and background for several case studies.

FINDINGS AND ANALYSIS

FINANCIAL STRESS WITHIN THE COMMUNITY

A review of research and reports released across Australia by both public and private organisations clearly shows that the need of many in the community for financial counselling and support has not diminished in the last two years. And the physical, emotional and psychological impact of financial stress on the community is acute.

While some argue that Australia has now emerged from the Global Financial Crisis, some concern remains about the short term economic prospects. This includes some fears for moderate economic growth over the next few quarters, a weak labour market, increasing interest rates and concern about the level of debt in the economy. Slow growth will mean sustained difficulties for many in the community and continued demands for support from Government and other agencies.

The economy is expected to grow, but experts warn that the recovery from the recession may be a 'W' shaped one. The Melbourne Institute Bulletin of Economic Trends shows the domestic economy is expected to grow by 0.8% in the March 2010 quarter, and 0.6% in each of the following three quarters.¹

However, the household financial conditions index dropped by 16.6% to 28.8 points – the first fall in five quarters. This suggests that households are struggling to manage their household debt, and are either drawing on their savings to survive, or seeking further credit.²

BIS Shrapnel believes Australia's next growth phase 'will be much more moderate' than previous boom times. This will especially be the case in the commodities-laden states of Queensland and Western Australia where growth this decade would be 'solid rather than sustainable'.³

While growth in China is expected to stimulate activity in resource rich Queensland and Western Australia, some economic commentators don't expect a return of the two track economy, and believe that there will be similar quarterly growth rates across the entire nation. Growth in Queensland's economy will be moderate, rather than mirroring the past economic boom.⁴ Slow growth will continue to affect some people's capacity to service their debts and reach positions of financial stability for some time to come.

The Reserve Bank of Australia noted in March 2010 that Asian markets were growing, commodity prices were increasing, and that constriction in the commercial lending market in Australia was freeing up. However, there is still uncertainty in the European and U.S. markets, and the effects of this could seriously damage or slow Australia's economic recovery.⁵

The challenge for Governments in Australia is to control rising housing costs, wage inflation, interest rate hikes and consumer debt, but strategies to manage those factors can halt investment in business, which is still at a critical stage after the recession.

There are a number of aspects negatively impacting on the financial wellbeing of the community.

- While indications are good, there remains continued uncertainty among some economists that the Australian economy will be slow to improve and may yet fall again as a consequence of international instability and uncertainty.
- Unemployment and underemployment remain issues in Queensland.
- The cost of living continues to increase.
- The cost of housing continues to increase and, as a consequence, mortgage stress remains a contributing feature.
- Increasing levels of consumer debt are evident within the community – average household debt currently equates to \$74,000 for each Australian adult.

As a consequence, the demand for Financial Counselling services has increased rather than abated over the past 12 months. The results clearly demonstrate the ongoing need for Financial Counselling services in Queensland. Below are excerpts from published articles and research outlining key ongoing concerns within the community.

¹ AAP, 'Economy to Grow, But Trouble in Home', *New Zealand Herald*, 19 Mar. 2010.

² AAP, 'Economy to Grow, But Trouble in Home', *New Zealand Herald*, 19 Mar. 2010.

³ Liam Walsh, 'BIS Forecasts a 'Steady as she goes' Economy', *The Courier-Mail*, 17 Mar. 2010

⁴ *Financial Stress in Queensland*, 1st April, 2010

⁵ BIS Forecasts a "Steady as She Goes" Economy Liam Walsh 17 March 2010 The Courier Mail

LARGE NUMBERS OF PEOPLE IN FINANCIAL DISTRESS

Approximately 14.4% of households in Australia consider themselves financially stressed, and half of those households are employed. Households earning over \$80,000 are highly represented among those experiencing mortgage stress. These people are not the typical welfare dependent client one would traditionally expect to see needing financial assistance or counselling. It is not unreasonable then to assume that this new group of potential clients will place added pressure on the resources of agencies who provide financial assistance and counselling.



Figures released in 2010 by the Commonwealth Bank showed an increased rate in the number of people who claimed that both their income and savings had dropped in the previous six months. This increase, from 25% to 28%, provides some counter to other data showing that the Australian economy is picking up.⁶

In 2010, a survey pronounced 28% of all Queenslanders 'financially unfit', compared to 12% at the same time in 2009. The Australian average is also 28% financially unfit. Women were most severely affected, with more females financially unfit (32%) than men (25%). Generation Y also continued to struggle with their finances over the year with 34% of them also considered financially unfit.⁷ This indicates that there is a great deal of distress and economic uncertainty in the Queensland community.

Some 70% percent of Queenslanders say that 2009 was a difficult year for them financially. In 2008, QCOSS estimated that 10% of Queenslanders (413,000 people) were living in poverty, which equates to receiving less than \$281 per week. A further 10% were identified for being at 'high risk' for poverty and social exclusion. This was before the Global Financial Crisis.⁸ It is therefore likely that the proportion of the Queensland community living in or at risk of poverty has increased since the financial crisis, resulting in an increasing demand on agencies that provide financial assistance and counselling.

UNEMPLOYMENT A CONCERN ACROSS QUEENSLAND

In Queensland, the latest Government figures predict statewide unemployment will reach 6.25% in 2010, up from 4.4% in the last financial year, and peak at 6.5% in 2010-11. While that is down from earlier predictions of 7.25%, it still translates to more than 150,000 Queenslanders who are officially without jobs.⁹

Queensland is said to be a victim of its very high workforce participation rate. Queensland is, in effect, importing unemployment, with new residents from interstate and overseas, also looking for work.¹⁰

⁶ Terry McCrann, 'Commonwealth Bank Survey Tells Real Financial Story', *The Courier-Mail*, 10 Mar. 2010

⁷ BankWest, 'What Recovery? 28% of Queenslanders "Financially Unfit"', 16 Feb. 2010.

⁸ QCOSS Submission to State Government Budget Process 2010-2011

⁹ Daniel Knowles, 'Battler 'Burbs' Feel the Crunch – Boom Passed By But Downturn Bites Hard', *The Sunday Mail*, 7 Feb. 2010.

¹⁰ 'Unemployed Outpacing Jobs Pledge', *The Courier-Mail*, 9 Oct. 2009.

RISE OF THE PART-TIME WORKER



The term 'underemployment' is defined as the employment of workers with high skill levels in low-wage jobs that do not require such abilities, for example a trained medical doctor who works as a taxi driver. The term also encompasses "Involuntary part-time" workers—workers who could (and would like to) be working for a full work-week but can only find part-time work.¹¹

February 2010's underemployment rate in Australia is currently at 7.6%, down slightly from November 2009's 7.8%. This is the first time the underemployment rate has fallen since August 2008.

What is peculiar is that the unemployment rate is decreasing more markedly than the underemployment rate. This would indicate that FTE (full time equivalent) roles are being filled by part-time workers.

Since February 2008, the number of Australians in full-time work has fallen from 7.693 million to 7.66 million last month. Part-time work, meanwhile, has increased from 3.035 million to 3.311 million. This trend is likely to be having a serious impact on a household's ability to pay their bills when they have financial obligations that demand full-time hours.¹²

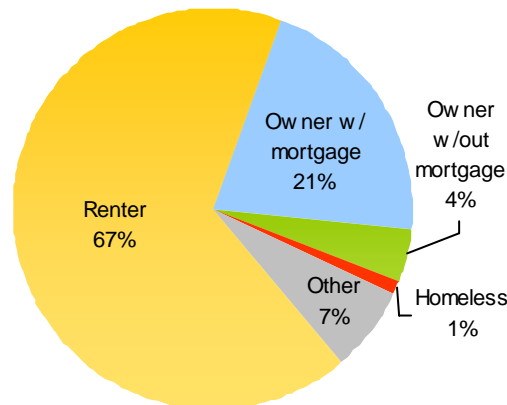
Women feature prominently in the underemployment figures, especially as they make up a large number of part-time workers in the Australian economy. Along with the drop in hours of work, they are often on low rates of pay, which doubles the financial impact. Particularly affected are women who are immigrants or refugees. Many of these people are employed in the hospitality, cleaning, clothing and community care sectors, all of whom have been affected by the Global Financial Crisis.¹³

One interpretation of the recently released unemployment data argued that "The annual or real ABS unemployment survey of 'persons not in the labour force' shows that we have a real unemployment figure of 20 per cent or two million, plus another one million underemployed, chasing about 120,000 vacancies."¹⁴

COST OF LIVING INCREASING

Brisbane City Council's Annual Attitudes Survey showed that 67% of residents believe the cost of living will increase, while 12% expected their standard of living would drop. QCOSS (Queensland Council of Social Services) commented that the average price of food has increased 15% over two years, rents have risen by 17%, and electricity by 32% over the past four years. People are leaving Brisbane in search of cheaper housing, but then cannot find work in less expensive, outlying residential areas.¹⁵

Two thirds (67%) of clients seen by Lifeline Community Care Financial Counsellors are renters exposed to pressures from increasing rents with declining capacity to pay.



¹¹ Wikipedia definition, 'underemployment,' 13 May 2010

¹² AAP, 'GFC's Part-Timers Given short Shift', *The Australian*, 29 Mar. 2010.

¹³ AAP, 'Women Largely Make up Australia's Hidden Unemployment', *General News*, 24 Aug. 2009.

¹⁴ Marcus L'Estrange, 'Reduced Working Hours and Underemployment', *Caulfield Glen Eira/Port Phillip Leader*, 29 Mar. 2010.

¹⁵ Ursula Heger, 'Rising Cost of Living Alarms', *The Courier-Mail*, 26 Nov. 2009

YOUNG PEOPLE HEAVILY AFFECTED BY ECONOMIC DOWNTURN



The youngest adult age group (Australians aged 18 to 24) were affected most by the global financial crisis.¹⁶ Many of this age group are in casual employment, and do not have extensive job experience or skills that are valuable to a current or potential employer. However, this age group were the less pessimistic of all age groups, and were positive about the economic future.

In December 2009, 5.3% of all working aged people in Australia were unemployed, but for those aged 15 to 19 years old, the rate was 17.5%. This meant that one in every six people of that age bracket were unemployed. This age group also suffered the greatest reduction of hours of employment. Newstart and Youth Allowance payments have increased by twice as much as in any other age group, but this could also indicate that these people are undertaking study because they are underemployed.¹⁷

MORTGAGE STRESS SIGNIFICANT IN THE COMMUNITY

Interest rates did drop down from September 2008 to October 2009. However, it was too short a period for people to make the best of the situation, by saving extra money and/or reducing their debt.

In March 2010, the level of mortgage stress rose by 0.7% between January and February 2010. It is estimated that 581,000 households in Australia are finding it hard to service their mortgages.¹⁸

Employment prospects are brighter, but at least 214,000 households in Australia are still at risk of having to sell, refinance or lose their homes. One analyst estimated that defaults in this twelve month period (2009) totalled 28,500¹⁹, greater than similar period in the previous year.

What is striking is the increase in the number of highly stressed mortgage holders. These are borrowers who are either facing a potential sale, foreclosure or are forced to seek refinancing. The numbers of those households rose by 2%, with extra stress being brought on by higher interest rates, flat incomes levels, and ongoing increases in living expenses.²⁰

Mortgage insurer Genworth Financial has noted that in 2009 it expanded its hardship-solutions team, so it could deal with 6,500 applications for mortgage hardship. This represented a doubling of application numbers from 2008.²¹

The type of people featuring in Financial Counsellors' caseloads in regard to mortgage stress are first home buyers who entered the market on the strength of government grants. About 250,000 of these new buyers entered the Australian residential property market in 2009, but now approximately 40% of them are experiencing a degree of financial stress.²²

In Queensland, mortgage lenders took legal action to repossess 1,638 Queensland properties, up from 1,361 in 2008, and 1,025 in 2007. These figures demonstrate 20% increase in repossessions from 2008 to 2009. With interest rates predicted to increase in 2010, social agencies and commercial experts believe that these figures will soar. Lifeline Community Care believes these figures are misleadingly low, as many others in trouble with their mortgage payments had sold prior to foreclosure.²³

¹⁶ Mcrann, *The Courier-Mail*

¹⁷ 'Viewpoint – Economic Vitality Report' Commonwealth Bank March 2010

¹⁸ John Collett, 'Loose Change', *The Sydney Morning Herald*, 17 Mar. 2010.

¹⁹ John Collett, 'Loose Change', *The Sydney Morning Herald*, 17 Mar. 2010.

²⁰ John Kavanagh, 'Back-Up Plan Needed', *The Sydney Morning Herald*, 17 Mar. 2010.

²¹ Katrina Barrymore, 'Mortgage Stress – How to Deal With it', *Herald Sun*, 13 Mar. 2010.

²² Kavanagh, *The Sydney Morning Herald*

²³ Melanie Christiansen, 'Housing Defaults Through the Roof', *The Courier-Mail*, 9 Dec. 2009

ELECTRICITY DISCONNECTIONS

Queensland has the second highest rate of electricity disconnection because of non-payment of bills in Australia. Almost 15,000 homes in Queensland had their power cut off in the 2009 financial year for missed payments. A third of those were reconnected within a week.²⁴

With electricity companies signalling a 13.83% increase in charges, those who have lost their job will be hit especially hard, as a price concession on their account is not available to them. Areas with high unemployment, such as Cairns, will feel the increase the hardest.²⁵

COST OF HOUSING INCREASING

Seachangers have driven the price of land and housing upwards in Queensland. Many baby boomers are expected to retire in the state in the next decade or so, and this is expected to place pressure on housing for all Queenslanders. However, some speculative seachangers are suffering as their coastal investments have dropped in value and their mortgages are in arrears.²⁶

In recent years Queensland has registered itself as one of the nation's fastest growing states and, according to the Housing Industry Association, up to 45,000 houses need to be built each year to keep up with the growing population. In 2009 only 28,000 houses were built with an expected 35,000 to be completed in 2010. This shortfall is placing an even greater strain on an already competitive housing and rental market.²⁷

INSOLVENCY AND BANKRUPTCY

Insolvency means the inability to pay one's debts as they fall due. Bankruptcy is a legally declared inability or impairment of ability of an individual or organisation to pay its creditors.

Figures for total personal insolvency are still high, but shrinking in Australia according to data released in the December 2009 quarter. Total personal insolvency (includes bankruptcy, debt agreements, Part Nine and Part Ten agreements) increased by 2.23% against the same period in 2008-2009. However, the rates had decreased when compared to the September 2009 quarter.²⁸

In contrast to the Australian figures, total insolvencies in Queensland increased dramatically in 2009, from 1,978 in 2008 to 2,336 in 2009. This represents an increase of 18.1% and may in part be due in part to the collapse of a large number of property and financial service companies in the past year.²⁹

Bankruptcies in Queensland were also much higher than the Australian average. There were 1,800 in Queensland in the December 2009 quarter, a rise from 1,460 in September 2008. This represents an increase of 23.29%. Queensland is second in line behind the Northern Territory, which had a 41.38% increase in bankruptcies. Part Nine agreements remained stable at both 519 for the December 2009 quarter, and no change from the September 2008 figures.³⁰

Personal insolvency agreements (Part Ten's) rocketed by 900%, from just two in the September 2008 quarter to 20 in December 2009.³¹

²⁴ Melanie Christiansen, 'Penalty Plan for Pulling the Plug', *The Courier-Mail*, 5 Mar. 2010.

²⁵ Brad Ryan & AAP, 'Shock to Family Bills', *The Cairns Post*, 19 Dec. 2009.

²⁶ Kristy Sexton-McGrath, 'Growing Population Driving Up Land Prices', *Australian Broadcasting Corporation (ABC) News*, 4 Feb. 2010.

²⁷ F Norton, 'Pressured home owners', *Stateline Queensland*, 30 April 2010, viewed on 6 Mar 2010

²⁸ Kristy Sexton-McGrath, 'Growing Population Driving Up Land Prices', *Australian Broadcasting Corporation (ABC) News*, 4 Feb. 2010.

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ *Ibid.*

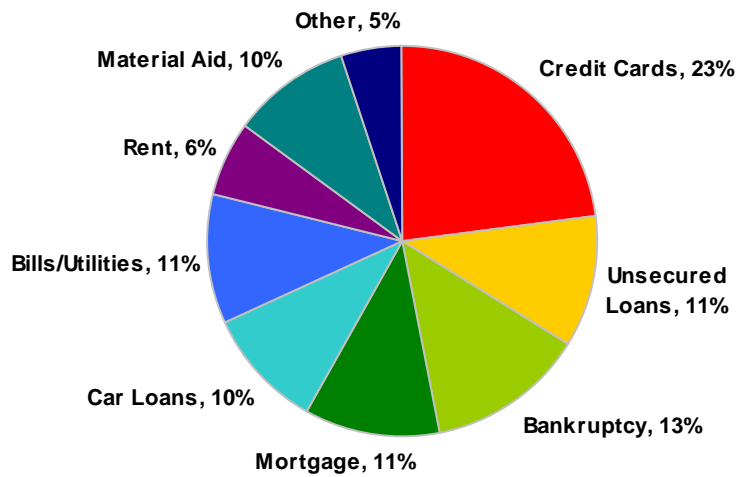
LEVEL OF CONSUMER CREDIT/CREDIT CARD DEBT



Most debt is based on credit card debt. Income is coming in to service debt, rather than being saved for the future in these households. As the Reserve Bank is expected to raise interest levels in 2010, so will the financial stress levels in these households.³²

One debt consolidation company had received more than 10,000 calls from Queenslanders who were experiencing problems servicing their unsecured debt.³³

Almost one in four (23%) people seeking assistance from Lifeline Community Care Financial Counsellors are seeking assistance for credit card debt.



³² Rate Rise Negative Impact', *Hervey Bay Observer*, 12 Mar. 2010.

³³ Liam Butterworth, 'Flashing Plastic Has CQ Families Falling Short', *The Morning Bulletin*, 22 Feb. 2010.

NEED FOR UNIVERSAL SERVICES

Queensland's most disadvantaged smaller areas are neighbourhoods which have high numbers of Aboriginal and Torres Strait Islander people. Levels of unemployment in these groups are often life-long, further perpetuating economic and social disadvantage.³⁴

However, even wealthier populations have sections of disadvantaged within them, supporting the need to not solely focus on certain pockets of society, and to have a universal offering of services and programs for the financially distressed.³⁵

More than half (56%) of Lifeline Community Care Financial Counselling clients earn less than \$20,000 when it comes to individual income. However, when looking at net household income, financial issues start affecting those in higher income brackets to a greater extent.

NATURAL DISASTERS

Recent flooding in the South West and Western Queensland has seen queries to the Rural Financial Counselling Service Queensland increase dramatically. Counsellors have been able to direct clients to government aid packages for assistance. Residents in these areas not only have the psychological and physical hurdle of cleaning up after the flooding, but the uncertainty, frustration and resentment that a flood can bring.³⁶ Worry about their financial affairs is naturally heightened as well.

For those affected by disasters or traumatic events, Lifeline Community Care Queensland's Community Recovery Program provides support, assessments and referrals; immediate psychosocial and ongoing counselling and support to individuals and communities; and Financial Counselling including referrals for business.

The expansion of Lifeline's Financial First Aid Counselling Line and Financial Counselling service has provided Lifeline with the capacity to reach out to more people in need. Lifeline Financial Counsellors were on the ground in Community Recovery Centres and outreach teams in towns affected by the recent central and western Queensland floods and Cyclone Ului. Those back in the call centre at Financial First Aid were busy sending out packs of information to people who had been referred to them by Government and social agencies. Financial First Aid Counsellors called over 260 members of affected communities to provide immediate assistance following their distressing and extraordinary circumstances.

IMPACT ON RELATIONSHIPS

A survey found that almost 30% of all relationships have struggled during the global financial crisis as a result of financial stress.³⁷

Brisbane is Australia's divorce capital, with over 10,000 divorces processed in 2009, and well above other cities with larger populations. Experts believe that the shift to Queensland places stress on new arrivals, as they need to re-establish different patterns of living.³⁸ The negative impact on individual's financial wellbeing is a significant outcome of relationship breakdown and divorce. It's not unreasonable to suggest that the disintegration of a marriage, particularly those involving children, may involve either adult suffering financially and needing assistance.

FOODBANKS UNDER PRESSURE

The typical client of a Foodbank is now a 'Mum and Dad', not a homeless person. Increasing numbers of people seeking the aid of Foodbanks are evident. In May 2009, the Queensland Foodbank was feeding 60,000 per week, half of them children.³⁹ Lifeline Community Care financial counsellors are providing support to people who are seeking these services now.

³⁴ F. Caniglia, P. Brooke and A. Whiley, 'A Scan of Disadvantage in Queensland 2010', UnitingCare Queensland Centre for Social Justice, Brisbane 2010, p.36.

³⁵ Ibid.

³⁶ 'Demands for Assistance at Local Rural Financial Counselling Offices', *Western Times*, 25 Mar. 2010.

³⁷ 'Couples Caring in Times of Hardship', *Brisbane City News*, 3 Dec. 2009.

³⁸ 'Moving North Bad for Marriage', *Herald Sun*, 23 Feb. 2010.

³⁹ 'Foodbank Braces for Rising Demand – Queensland Branch of Foodbank', *Australian Broadcasting Corporation (ABC) News*, 4 Mar. 2009.

REGULATORY CHANGES



There has been change regarding when the FOS (Financial Ombudsmen Service) can intervene in a dispute. Previously, they were powerless to get involved once legal proceedings had begun, but now can get involved if the proceedings involve debt collection. This legislative change also allows the FOS to vary credit contracts, perhaps extending the term of a loan or a holiday on payments for those who need help.⁴⁰

People are not aware of Centrelink's rules about redundancy payments, and how they calculate an 'income maintenance period'. Some people have put their redundancy payments into their mortgages, but have no money to live on when they are unable to secure a new job, and are unable to tap into funding from Centrelink.⁴¹

Welfare quarantining will be introduced by the Federal Government, where it will hold back 50% of welfare payments of the unemployed and solo parents to ensure that the money goes on food and rent rather than alcohol and drugs. The program will begin in the Northern Territory, and will be rolled out country-wide in 2011, based on disadvantaged post codes.

Some of the \$350 million spent on this program will provide Financial Counselling and pay for a scheme where the Government will match the savings of welfare recipients up to a \$500 limit. Critics of this program assert that taxpayers will spend \$4,400 to make sure recipients don't spend their welfare payments on alcohol, but that the Federal Government only spends \$500 per year to help them get a job.⁴²

STRONG FINANCIAL GROWTH AMONG PROMINENT PAY-DAY LENDERS

Pay-day lenders such as The Cash Store and Cash Converters have recently presented strong financial results. For example, the Cash Store reported an increase in revenue of 370% compared to the same quarter in 2008. In December 2008 it had 20 branches, but by December 2009 numbers had grown to 44, with eight new branches opened in the December 2009 quarter alone.⁴³

Cash Converters also reported a record revenue gain of \$16.2 million profit to June 2009. It raised its 2009 earnings by \$2 million upon the strength of this result. Personal and pay-day lending accounts for 70% of the company's revenue. This further indicates that many people need unsecured finance at present.⁴⁴

These financial results appear to indicate the demand for pay-day lending is strong. What is disturbing is that loans that can be completed within 20 minutes to 'everyday' people without any credit check. This may mean that already financially stressed people can be placed under further pressure to service their debts, without any authority declining access to more credit.



⁴⁰ Kavanagh, *The Sydney Morning Herald*.

⁴¹ Parker, *The Sydney Morning Herald*.

⁴² Sue Dunlevy, 'Help Those on Welfare to Help Themselves', *Daily Telegraph*, 19 Mar. 2010.

⁴³ 'Cash Store Australia reports Strong Q2 Results', *Asia Pulse*, 12 Feb. 2010

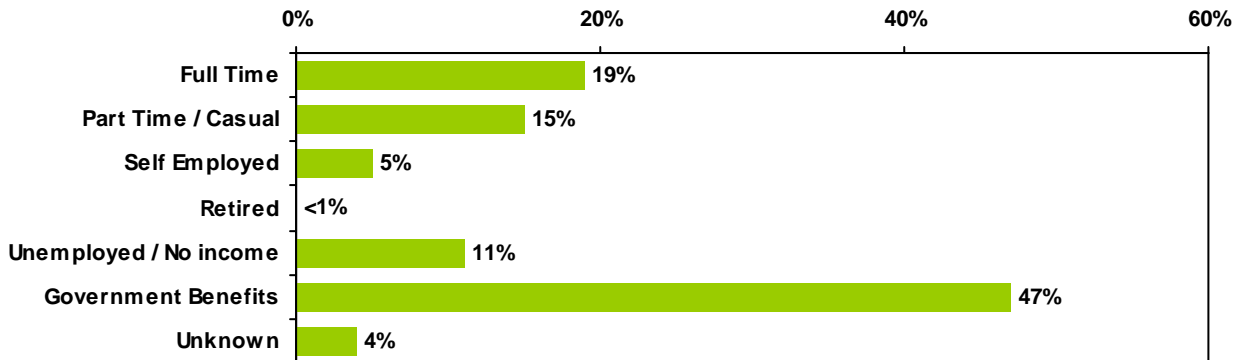
⁴⁴ Tim Boreham, 'Riding the Wave of 'Have Now, Pay Later'', *The Australian*, 18 Dec. 2009

SIGNIFICANT LEVELS OF WELFARE DEPENDENCE IN QUEENSLAND

In 2006, Queensland had 10.2% or 105,257 families who were welfare-dependent, slightly higher than the Australian average.⁴⁵ Queensland also has a slightly higher percentage of female sole parents receiving financial aid from the Government compared to other states. In particular, West Bay-Burnett, followed by Far North Queensland and the North West. In fact, Queensland has the third highest percentage rate (9.5%) of single parent families with children under 15 years of age over all Australian states, and is above the national average of 8.7%.⁴⁶

In Queensland, the number of people on unemployment benefits is higher than the Australian average. In some regions of Queensland, such as North Queensland, the Sunshine Coast, North West, Far North and Wide Bay-Burnett, the percentages are equal to or higher than this average.⁴⁷

Six in ten (58%) Lifeline Community Care Financial Counselling clients are either on government benefits or are unemployed without a current income stream.



FINANCIAL STRESS ON BUSINESS

Almost 38,000, or one in ten Australian businesses, are at high risk of distress, according to reports by a credit agency published in October 2009. The number of firms at risk has continued to rise, from about 34,000 in the second quarter of 2008, to almost 38,000 in the June 2009 quarter.⁴⁸

A third of Australian business owners say that their stress levels increased in the recession.⁴⁹ Queensland-based businesses account for the greatest percentage of businesses in distress in Australia, with 15% or 8,000 businesses in Queensland classified as high risk.⁵⁰

Research has also identified parts of Queensland where jobs are particularly susceptible to the tight economic conditions Baum and Mitchell have published an employment vulnerability index for Australia's major urban regions. The research identifies suburbs with higher concentrations of jobs considered to be most at risk. There were 151 suburbs identified as 'red alert' suburbs in Queensland indicating those with high potential job losses. This number represented 20% of the total number of suburbs analysed in Queensland compared to 11% in NSW and 17% in Victoria. The overall percentage of red alert suburbs in Australia was 15%.⁵¹

Forecasters predict that Brisbane's office vacancy rates will eventually hit 14%, with March 2010 rates at 11.3%.⁵², suggesting slow growth and the potential for further business failure and decline. A 42% plunge in commercial and industrial building projects will be offset by a 50% increase in social and institutional building in the state. Overall, non-residential building is expected to fall by 18% in the April 2010 - March 2011 financial year.⁵³ Residential building projects are expected to remain weak, with Queensland's dwellings unit approvals falling by 7.4%.⁵⁴ The shortage of industrial and commercial space will face further pressure on prices. The decrease in residential building will also add pressure to the housing and rental market.

⁴⁵ F. Caniglia, P. Brooke and A. Whiley, p.121.

⁴⁶ F. Caniglia, P. Brooke and A. Whiley, p.119

⁴⁷ F. Caniglia, P. Brooke and A. Whiley, p.109

⁴⁸ Alex Tilbury, 'Ailing Companies At Risk Despite Upturn', *The Courier-Mail*, 6 Oct. 2009

⁴⁹ Claire Heaney, 'Business Owners Feel Strain', *Herald Sun*, 17 Mar. 2010

⁵⁰ Ibid.

⁵¹ F. Caniglia, P. Brooke and A. Whiley, A Scan of Disadvantage p.110

⁵² Melissa Ketchell, 'Brisbane Boom to Turn Bearish', *The Courier-Mail*, 19 Mar. 2010

⁵³ Ibid.

⁵⁴ *Hervey Bay Observer*

FINANCIAL COUNSELLING INDICATORS OF DISTRESS

Even before the global financial crisis, there has been year-on-growth for Financial Counselling and assistance. To complicate this, the complexity of debt has increased. This could be because of high earners who are in trouble due to their businesses not being able to pay tax bills, or with personal guarantees on the business that need to be honoured. Thus, it takes longer for financial counsellors to gain a clear picture of how to approach a client's situation, and decide on a path forward.⁵⁵

Counsellors report seeing low income earners unable to manage their credit card bills, while middle-income earners are having problems paying their mortgages. What is common between both groups is the borrowing to repay existing debt - trying to play catch-up, which inevitably fails, and compounds the original debt problem.⁵⁶

Many Financial Counselling agencies believe a large number of people are living off their redundancy payments or other savings and, unless they gain employment soon, they will become clients of theirs in the next 12 months. It is this group that counsellors fear may be the sting in the recession's tail.⁵⁷

All agencies have urged people to seek help before it is too late. Some clients delay getting help too long, either because of refusing to acknowledge the trouble they are in, or not understanding the legal or financial complexities. By then, selling the family home or bankruptcy is the only option. By approaching lenders early, more options are available to the financially distressed and the repayment options may not be as serious.⁵⁸

To cope with the huge demand for Financial Counselling, agencies are also offering telephone counselling, as well as face-to-face counselling. There is often a wait of between two to four weeks to see a face-to-face financial counsellor in some agencies, and this delay often negatively affects the options available.⁵⁹

IN SUMMARY

Results from research conducted by Government agencies, by banks and other financial institutions, by charities and other support agencies clearly show that there are sectors within the community who continue to find it difficult to cope financially and need the assistance of professional counsellors. Some of the documented concerns outlined include:

- *Approximately 14% of households consider themselves financially stressed.*
- *There is an increasing rate of people indicating their income and savings have declined.*
- *28% of Queenslanders at the beginning of 2010 are financially unfit, compared to 12% at the same time in 2009.*
- *Unemployment remains at over 6% compared with 4.4% last financial year.*
- *Food prices have risen on average 15% in the past two years, rent by 17% and electricity by 32%.*
- *More than 500,000 Australian households are finding it difficult to service their mortgage.*
- *Interest rates have begun to increase as the RBA seeks to 'normalise' rates.*
- *Many of those who purchased a home under the first home buyers scheme are now experiencing financial stress.*
- *Queensland has the second-highest rate of electricity disconnection because of non-payment of bills.*
- *The revenues of Pay-day lenders have increased significantly.*
- *Financial concerns are contributing to an increase in relationship stress.*

There is a clear need to expand Financial Counselling services in Queensland. Lifeline Community Care calls on the government and corporate sector to show leadership and support financial counselling into the future.

Currently, partnerships with companies such as Ergon and Origin Energy are increasing Lifeline's capacity to reach out and help clients faster. However, the demand on the service is creating longer waiting lists in Lifeline Centres throughout the state. More Financial Counsellors are needed to keep up with demand as well as support for non-service delivery resources such as industry research, networking and training as well as staff recruitment and retention strategies.

⁵⁵ Parker, *The Sydney Morning Herald*.

⁵⁶ Kavanagh, *The Sydney morning Herald*

⁵⁷ Parker, *The Sydney Morning Herald*.

⁵⁸ Ibid.

⁵⁹ Ibid.

Lifeline Community Care currently operates limited outreach services due to restricted resources. With committed support, Lifeline can reach out to people in need who may not be able to travel to see a financial counsellor due to the cost of travel, illness, or lack of transport.

Currently, Lifeline Financial Counsellors are providing community education presentations to social groups, job networks, health agencies, and schools. The demand for these presentations is increasing. However, as demand for Financial Counselling is also increasing, it is becoming increasingly difficult to focus on this initiative. With a focus on community education, specifically in schools, Lifeline can effectively prevent people entering the “financial cycle of poverty.”

Additional funding will provide Lifeline with the capacity to work more with our indigenous communities who suffer extensively with financial hardship and are often ill-equipped to advocate for themselves. Expanding the capacity to provide outreach services will also help achieve this need.

Financial hardship affects many levels of society and here is a great opportunity to work together to find solutions to the current and emerging issues around the high cost of living and consumer debt.

OBSERVATIONS FROM FINANCIAL COUNSELLORS

In-depth interviews were conducted with Lifeline Community Care Financial Counsellors to collect anecdotal evidence of the types of cases being presented and the impact of financial stress on people's lives. The following pages summarise their experiences in dealing with people suffering from financial stress on a day to day basis.

Tania is a team leader in Cairns supervising three full-time financial counsellors. Tania used to see two new clients and two returned clients per day per counsellor, but that is now proving to be impossible due to the complexity of the cases that are coming through.

Historically, clients who would present would have a couple of credit cards or some small debt that they would like negotiated with the creditors on their behalf. Simple cases. You normally only see them once (i.e. for budgeting) but these cases are becoming few and far between. In the last 12-18 months the financial situation combined with rising unemployment has really changed the climate of Financial Counselling. Unemployment in Cairns is 12.4% - second highest disadvantaged area in Queensland. High unemployment, high indigenous population.

Now clients are coming through with more complex situations. For example, one person has recently presented with 19 credit cards - that's 19 separate creditors that the counsellor has to negotiate with. While that is an extreme case most clients have more than one issue they are seeking help with. The greater complexity has a knock on effect given it requires additional time – days or weeks – of effort to resolve one way or another.

Complex cases can take up to 5-6 sessions with a lot of follow up work afterwards. It can depend on where the client is based in North Queensland. There can also be a lot of travel involved for the three full-timers as their region extends from Cardwell to the Torres Strait Islands.

Residents from the Torres Strait and the Cape – they'll come down for medical treatment and end up staying but don't have any financial literacy skills. They are conned very easily. People's problems depend on their literacy skills and access to services. In some of the areas Lifeline Community Care doesn't have access to, there isn't that level of awareness.

Waiting lists are booked three weeks in advance – if it's any longer things just happen and people don't turn up because their situation gets resolved – for better or worse. Typically people are leaving things until it's too late. When they first notice, they aren't thinking that things are going to get worse – they think that if they just plod along everything will be ok.

Talking about money can be a bit of a taboo. Once people come in you can just see the relief on their faces after their first interview with us. They've just been able to unload it on us and lay it out on the table. Just even talking about it before we've even offered anything, you can just see on their faces 'Oh it's just so good to get that off my chest'.

The stress is a huge thing – not just the financial stress, but the relationship stress as well. It's a whole combination of things. They go hand in hand. If there is financial stress then you usually end up with relationship problems too.

“Multiple credit cards are due to the easy access – like store cards and the interest free periods. Whose lounge suite is still going to look new in five years when you actually start paying for it? Many people buy the lounge suite and the TV etc. but don't pay it off within the interest free period and the majority are through GE with 29 point something per cent interest which blows it out to unaffordable repayments.

Coral has been with Lifeline Community Care since 2001. She works as a financial counsellor five days a week in Logan City.

I generally have four face to face clients booked in each day – two in the morning, two in the afternoon. Sessions run for about 1.5 hours. While I have breaks in between I've also got to do all the notes and stat work after each session. If you have a client that needs advocacy or something along those lines then you have to try and find time to fit that in.

Logan is a very low socio-economic area. A lot of people are out of work at the moment – there is about 13.5% unemployment rate currently, but it's usually quite high in the area at any time. A lot of people in Logan City are on Centrelink payments. You find a lot of people get caught up with pay-day lenders because that's the only credit they can get, but then they end up in over their heads. However a lot of them do get by and it's amazing how they get by – Logan is a very well serviced area with plenty of charities and emergency relief.

I see a lot of bankruptcies – at least 50% of my work is around bankruptcies. These can vary from retirees with credit cards to young people with cars who either have accidents or just can't pay back the repayments. With middle of the road clients it's just too much credit; it's too easy. It's not unusual to see \$40,000-\$60,000 worth of credit cards.

They'll try and try to repay their debt but it's really difficult when the interest keeps going up and the creditors will only give them 3-6 months without interest at the most. Once the interest goes back on they can just see they're not getting anywhere.

People are usually very apprehensive when they first come in because they feel as though they've been really naughty and they shouldn't have gotten into such debt. I get them to relax and to actually look at the problem without getting too emotionally involved. This can be difficult because most people are really embarrassed and can't believe that they've gotten themselves into this much trouble.

That's part of the job, to reassure them that they're not the only ones that have ever done it. To get them to draw a line in the sand and just move on.

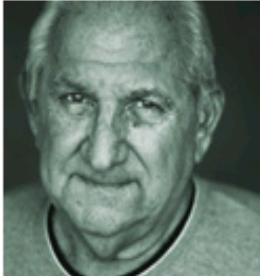
A lot of pressure can be brought about by the creditors. They can really harass people. They're only supposed to contact people a certain number of times, but some clients are reporting up to 10 phone calls a day and some of them can be really abusive. However, a lot of the other times the creditors refer them. That's the other side of it; you do get the responsible ones.

There are also differences between the small creditors versus the larger firms. A couple of the collection agencies have really bad reputations and they're the ones that really put the pressure on clients. Big banks usually try and refer on – Lifeline has some pretty good arrangements with them through the Financial Counselling body such as hotlines that go straight through so that counsellors can talk directly to clients one-to-one. But it is dependent on the organisation.

THE IMPACT ON PEOPLE: STORIES FROM THE CASE FILES

In order to gain some further insight into the background and issues surrounding financial issues, case studies were developed which describe some typical stories that can be found throughout the community.

CASE STUDY 1: BOB - RECENTLY WIDOWED AGED PENSIONER



Profile

Bob* who was a recently widowed male, 66 years of age and living on the aged pension, sought assistance. His wife had passed away 3 weeks prior to his appointment with Financial Counsellor.

He had notified the bank, where the couple held all their accounts, of her death and the bank had issued him a letter requesting finalisation of a \$5,000 credit card debt held solely in his deceased wife's name. The man was immensely distressed given he no ability to repay the debt. He also was extremely distressed trying to adjust his budget to living on a single income.

Action Plan and options made available to client

- Assessed client liability toward debt.
- Requested full debt waiver based upon the worthlessness of petitioning for an insolvent estate.
- Financial Counsellor assisted Bob to set up Centapay deductions for telephone, rent and electricity to be deducted fortnightly.

Outcomes

- Bob's bank agreed to full debt waiver – total amount \$5,045.62.
- Client managing costs of living with fortnightly deductions in place.
- Although the client is still grieving over the loss of his wife and his budget remains tight, he is grateful for the outcome in this case. The client also stated that he was frustrated that no one could offer any solutions for his dilemma until he contacted Lifeline Financial Counselling. They were able to provide him with information, options and solutions to his financial woes.

Client Reaction

Bob reported feelings of great relief and gratitude at the outcome of the case. The client stated that more people should be able to access information regarding their rights. The Financial Counsellor was able to provide this for him. A follow-up call with the client indicated his increased ability to manage similar situations with credit providers. The client had been disconnected from one telecommunications service provider and signed up to another without his consent. His experience with a Financial Counsellor had empowered Bob to be able to follow through and have this matter corrected without further assistance.

* Lifeline Community Care Queensland does not use real names or photos of clients to protect their identity and privacy.

CASE STUDY 2: CHERYL - RAMIFICATIONS OF A RELATIONSHIP BREAKDOWN

Profile



Cheryl* is separated with two children in their late teens/early twenties living in rented accommodation. Her husband left over 7 years ago. There was never a formalised property settlement or maintenance arrangement. Cheryl is bed-ridden and unable to leave the house due to a serious illness however she has not seen a doctor in over 8 months. She once lived quite an affluent life-style – her husband was a professional executive and their children attended private school.

She continually expresses that she is not a dumb woman, but had no choice but to run up excessive credit card debts due to basic survival needs. She says she has every intention of repaying all of her debts. Her health has suffered considerably since the relationship breakdown. Cheryl never thought she would find herself living on the bread line.

Presenting Issues

- Cheryl could not organise a home visit from a local doctor who would bulk bill – and she lacked the funds to pay. She was advised she required a healthcare card.
- Cheryl owned a property jointly with her husband that he had been paying loan re-payments for. There was no formal property settlement following separation. However, these had recently lapsed and the bank was chasing Cheryl for payments and threatening bankruptcy.
- The two children applied for their mother to receive a Disability Support Pension, but because they could not acquire sufficient information from her husband's accountant, Centrelink had their hands tied and could not offer this assistance. The children were also unaware of their entitlements with Centrelink.
- Cheryl had run up \$80,000 worth of credit card debt on living expenses and supporting two children.
- Stress and worry placed further physical and mental stress on an already very sick woman.

Action Plan and options made available to clients

- The Lifeline Financial Counsellor advised that Cheryl and the children should be eligible for Centrelink benefits, healthcare cards and rental assistance.
- Cheryl was also advised that she should be able to gain information from her husband's accountant regarding his financial position with the help of legal aid.
- The Counsellor committed to finding a doctor in local area who would bulk bill in interim until a healthcare card could be sourced.
- The Counsellor also undertook to contact creditors and advise them of the situation and request a moratorium on all further interest charges and repayments until their status is further assessed.
- The Counsellor advised of cheaper alternatives to internet and telephone access as rates being charged by her current provider were unaffordable.
- The Counsellor recommended the two children connect with a job network to seek employment in the local area and assist in meeting the household budget requirements.

Outcomes

Contact was made with local Centrelink office who immediately engaged Cheryl's children and set up benefits for them. Centrelink also investigated the Disability Support Pension application and identified why it was not progressing and advised the husband's accountant to provide income and asset details for the woman immediately. After details were received from husband's accountant, the Disability Support Pension was granted. A Community Legal representative visited the house and is now engaged in forcing a property settlement with the husband. Hardship paperwork was filled out with all creditors, who have now agreed to allow a 6-month moratorium with a view to revisit circumstances after this time. A doctor has visited Cheryl's home and she is now under constant, monitored care. One child has been granted a carer's pension and the other has found employment. The husband has fled the country.

CASE STUDY 3: MANDY – VICTIM OF DOMESTIC VIOLENCE



Profile

Mandy* is a single mother of five children and is currently pregnant. Her husband became very aggressive as a result of permanent mental and physical disabilities incurred five years ago in a violent attack. Mandy left him last year after years of abuse and has since lost the family home.

Mandy's rent is in arrears of \$1400 and faces weekly rental of \$390. She has been issued a notice to remedy breach by the Landlord. Mandy is also three months in arrears with her car payments. The Credit Company has advised they are proceeding with repossession if a payment of \$2200 is not received immediately. A notice of demand has been issued. Her car is currently unregistered and uninsured.

Her electricity account is \$800 and she has payment arrangement with Ergon for \$120 pw. She is unable to send her children to school as she cannot afford bus fare, registration costs and uniforms. The family is relying on food vouchers and states if there are no food vouchers available, there is no food on the table. Mandy says that as a consequence of the previous family environment, her children suffer from a range of behavioural issues from total withdrawal to anger management needs.

Action Plan and options made available to clients

- The Financial Counsellor agreed to contact all creditors to negotiate on behalf of Mandy.
- The Financial Counsellor undertook to connect Mandy with:
 - Centacare's Preventing Homelessness Program.
 - Department of Housing.
 - Centacare for material aid.
- The Counsellor contacted Ergon to re-negotiate a repayment plan.

Outcomes

- A payment arrangement was negotiated with the landlord for payments of \$50 per fortnight until arrears were caught up. Also a Centapay arrangement was set up with Centrelink to ensure the arrangement is maintained.
- A new payment arrangement was negotiated with Ergon of \$10 for the next fortnight. The \$700 still owing would be paid under the Home Energy Emergency Assistance (HEEA) scheme to clear out the remaining electricity account.
- Mandy was placed on Ergon's Keeping Customers Connected program and has been sent a voucher for Home Energy Smart.
- Lifeline made an offer of an appointment with a Lifeline therapeutic counsellor as an intervention measure to address the issues being experienced by the children.
- Mandy received grant funding from a youth support co-ordinator/Lifeline to provide assistance for the cost of children's participation in school sports.
- The family was placed on the high needs waiting list for housing with Department of Housing.
- An appointment was also organised with Centacare to provide food vouchers and portion of rental arrears.
- Mandy has contacted a family member for assistance with car payment arrears.

Client Reaction

Mandy said she could not believe the commitment of the Financial Counsellor to assist her in so many ways. She said she wished she had contacted Financial Counsellor last year before she lost her family home. Mandy felt that if the Counsellor had been in the picture back then she may not have found herself in such dire circumstances now.

CASE STUDY 4: JUDY – POOR HEALTH AND UNABLE TO MAKE REPAYMENTS



Profile

Judy* is on a disability pension and terminally ill. Doctors believe she has less than a year to live. Due to the intense pain she is in, she is unable to travel, sit up or write for any length of time.

Living on a disability pension, most of her payments were absorbed by rent, utilities and extra treatments she was receiving for her condition. Judy had two credit cards and was in debt for \$12,500. She was unable to make the required repayments and was deeply distressed by the calls she was receiving from debt collectors. Judy has no family to rely on or support networks to assist her. Because of her illness and her inability to move around freely, Judy is extremely vulnerable and distressed.

Action Plan, Options and Outcomes for this client

- Lifeline Financial First Aid (FFA) service was able to outsource community assistance for Judy through a local church. The church followed up with Judy to ensure she was receiving appropriate and welcomed social support.
- FFA also liaised with a local aid organisation, and followed up to confirm she was receiving acceptable food support.
- FFA then liaised with a face-to-face Financial Counsellor, who contacted the client and arranged a home-visit, where the client chose to proceed to bankruptcy, as her best option to be left in peace for what she said was her remaining year.

Client Reaction

Recently FFA received a follow-up call from Judy to thank them for organising so much assistance for her. She had felt alone for a long time. The Financial First Aid service was able to resource the support she desperately required by networking with other agencies and calling on Lifeline's own Financial Counsellors, who were prepared to go to her and assist.

Due to going bankrupt, she was able to afford decent food for the first time in years and to buy some new undergarments for the first time in fifteen years. She said that, although it would seem like nothing to others, it was extremely significant to her sense of self-esteem.

Case Study 5: Jim – Poor Health and About to be Made Redundant



Profile

Jim* is married and both himself and his wife are now nearing retirement. Jim has been working for some time and making quite good money, about \$1000 a week, however he is now looking at being retrenched as he has Parkinson's Disease. His position is being reoffered and, while he can still reapply for the job, he isn't too optimistic as his employer is aware of his illness and he is also competing against a younger, better trained person.

Despite the fact that Jim has accepted that he will no longer be able to work and is looking forward to retirement, he is struggling with quite a lot of areas including a large credit card debt and a loan with the lenders now harassing the couple as they are falling behind in payments. On top of work issues, Jim and his wife also look after their four year old grandson full-time. Although his wife does receive a carer's allowance, it is not enough to cover both the money owed and daily expenses.

Action Plan and Options made available to clients

- Lifeline Financial First Aid (FFA) was able to talk through Jim's options including bankruptcy and accessing superannuation.
- Jim was assessed to see if any further assistance could be provided with additional bills such as telephone, rent and electricity.
- FFA gave Jim the option to talk face-to-face with a financial counsellor.

Client Reaction and Outcomes

At the start of the conversation, Jim's stress level was exceedingly high, but by the time he talked through his situation and received the relevant information he was much more reassured about things.

It is not known if Jim has made a final decision yet as he has not re-contacted Lifeline. However, the Counsellors are confident that he has enough information and subsequent empowerment to make an informed decision on his own if need be.

CASE STUDY 6: HELEN – REDUCTION IN WORKING HOURS



Profile

Helen* is single and in her late 50s. She owns her own home and due to a reduction in her work hours, is currently employed part-time.

Helen could no longer afford to pay her credit card due to the downscale in her work hours and the creditors were harassing her and threatening to sell her house in order to reclaim the debt if payments continued to go unpaid. This was a huge burden for Helen as at that age she didn't want to lose her house and make the transition into the rental market. Helen had previously borrowed some money off her family to try and alleviate the bills. However her stress levels were only compounded once she realised that, due to her ongoing circumstances, she couldn't actually afford to pay them back.

Action Plan and Options made available to clients

- The Financial Counsellor agreed to contact all creditors to negotiate on behalf of Helen.
- A three month moratorium (no payments, no interest and no charges) was organised so Helen could properly assess her finances.
- The Financial Counsellor helped Helen set up a weekly budget.

Client Reaction and Outcomes

This reprieve gave Helen the confidence to go to the bank herself and organise taking out a loan against the house to pay off the credit card (at one third of the interest). On top of this Lifeline suggested making an offer to the creditor for a full and final amount (50% less than what was originally owed) which the creditor duly accepted.

Helen is now in process of paying off her bank loan and is aiming to have the loan paid back in full in a shorter amount of time than it would have taken to pay off the original credit card debt.

RECOMMENDATIONS

To continue to provide Financial Counselling services in Queensland, and to better meet demand, Lifeline Community Care calls on the Queensland Government to continue funding generalist financial counselling services at \$3 million per annum for the next three years. The organisation is also calling on the corporate sector to show leadership in the area of corporate social responsibility by supporting financial counselling through a corporate community partnership. Additionally, in the spirit of inspiring philanthropy, Lifeline Community Care is inviting those individuals in the community, who have the financial means, to also help fund Financial Counselling services in Queensland.

CALL TO QUEENSLAND GOVERNMENT

Lifeline Community Care calls on the Queensland Government to acknowledge the need for immediate action in relation to confirming ongoing funding for Financial Counselling. Specifically, Lifeline Community Care recommends that Queensland Government commit \$3 million per annum, for the next 3 years. This will provide Queenslanders with access to a free and independent financial counselling service. This funding will enhance existing service provision and infrastructure, increase reach across Queensland, and expand staff recruitment, retention and training.

In addition, Lifeline Community Care calls on the Queensland Government to acknowledge the following facts in relation to the financial wellbeing of Queenslanders:

- The need for Financial Counselling and support for Queenslanders suffering financial stress has increased since the Global Financial Crisis.
- The physical, emotional and social impact of financial stress on the community is acute and endemic.
- The necessity for continuing Queensland Government funding has been validated by the increased number of consumers able to access the Financial Counselling services of face-to-face and Financial First Aid.
- The existing funding level falls short of resourcing Financial Counselling to a level where it can meet consumer demand in a timely manner.
- The urgency and need to confirm ongoing Financial Counselling funding with respect to duty of care issues, including continuity of service for existing Lifeline Community Care Financial Counselling clients.
- Availability of Financial Counselling Services for all Queenslanders is endemic within social justice and social inclusion in Queensland.

CALL TO CORPORATE SECTOR

Lifeline Community Care Queensland is calling on the Queensland corporate sector to show leadership and innovation in the area of corporate social responsibility by supporting financial counselling through a corporate-community partnership.

Having traditionally relied on funding through its retail enterprises, Lifeline Community Care Queensland has recently repositioned itself to also share its valuable brand and numerous assets with an appropriate corporate partner.

There are a range of opportunities available for medium and large businesses. We welcome expressions of interest and have listed some ideas below.

CALL TO COMMUNITY

Lifeline Community Care currently receives generous donations from the community through direct appeals for funds in the Brisbane and Gold Coast areas. These funds support Lifeline's 24 Hour Crisis Counselling Line, free face-to-face counselling programs (such as Financial Counselling) as well as support programs for children and families.

Lifeline Community Care is planning to expand our call for donations within Brisbane and other regional locations, inviting those who can afford it to donate specifically to our Financial Counselling service.

Lifeline Brisbane, which currently has just 4,500 donors, is particularly calling on those in financially stable positions in this major metropolitan hub to consider making a financial donation to this local non-profit organisation. Lifeline Community Care also offers businesses regular payroll giving opportunities for its staff, but currently has few businesses on this program. Lifeline is calling on the community to consider including funding for financial counselling services within their charity-giving portfolios.

FINANCIAL COUNSELLING - IDEAS FOR LEADERS

Service Provision

Commit funding to employ more full-time, appropriately remunerated financial counsellors in metropolitan and regional locations across Queensland. Additional Financial Counsellors will increase Lifeline Community Care's capacity to reach more Queenslanders, specifically in remote communities.

Expand the operation hours of the Financial First Aid Counselling Line to allow clients who work full-time to call after-hours and discuss their situation in the privacy of their home in the evening.

The Financial First Aid Line needs to be expanded to triage and make online bookings for face-to-face Financial Counselling in all Lifeline Centres. This is currently occurring in four Lifeline Centres and feedback is extremely positive. The immediate booking and triage system will prevent Queenslanders in financial distress from attempting to solve their financial problems without the correct information, intervention and where appropriate, advocacy. Many un-informed clients often re-enter into further credit obligations or bankruptcy when other financial solutions are at hand.

Research

Fund a full-time, appropriately remunerated researcher to assess policy and identify emerging issues for Queensland within the national agenda, working alongside other leading research organisations.

Before the 2008 announcement of funding, Queensland was the only state or territory that did not provide funding for generalist Financial Counselling. A full-time researcher will provide information to Government to ensure Queensland is progressive and innovative in the services it provides to both regional and metropolitan communities.

Networking

Allocate funds to bring financial counsellors together at a national level to share expertise, case studies and offer insight and support. In November 2009, a two-day Training and Development Seminar was held for Lifeline Community Care Financial Counsellors. A number of guest speakers attended from Legal Aid Queensland, QCAT (Queensland Civil and Administrative Tribunal), FOS (Financial Ombudsman Service) and Bailiffs Office Brisbane. A number of interactive workshops were included featuring topics such as the use of interpreters for CALD clients, debt collection, dealing with aggression and accessing superannuation.

These seminars up-skill Financial Counsellors, strengthen their existing networks and create new relationships and referral opportunities. A yearly seminar such as this will also ensure Financial Counsellors are provided with the most up-to-date news and processes.

Training

Provide funding for student scholarships to complete the Diploma of Community Services (Financial Counselling). Currently, 195 people are enrolled in the Diploma of Community Services: Financial Counselling, with 9 people having completed the course. Currently the Diploma is completed externally. Funding to support this training will provide participants with the capacity to have face-to-face training and support. It will also provide Lifeline Community Care the opportunity to actively promote the training program.

Staff recruitment and retention

Allocate funds to accommodate for an increase in wages for existing financial counsellors.

Assist in investigating solutions on how to attract people into the financial counselling profession to lay way for the sector's ageing workforce and an imminent skills gap.

Indigenous employment program

Allocate funds to employ more Indigenous Financial Counsellors to deliver specialised services to various Indigenous communities throughout the State of Queensland. It has long been identified that Indigenous Australians are in dire need of Financial Counselling services and would connect more effectively with counsellors who have an understanding of their cultural needs and financial challenges.

School-based community educators

Allocate funds to commence early intervention programs regarding financial literacy, budgeting and credit pitfalls. Deliver these programs to school children who are about to leave school to enter further study or the workforce.

