



Financial Constraint In Gippsland

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- Client's child contacted Anglicare - re client's credit card limit of \$14,000 - fully drawn.
- Client was at the time residing in a nursing home, receiving treatment - terminal medical condition.
- Nursing home fees used all clients' pension, plus a further \$200 per week, which the child was paying.
- Client received part pension from overseas, - being used to pay interest on the credit card.
- Assistance sought from Anglicare - have the debt waived on the grounds that the credit card provider's actions were unconscionable in approving a \$14,000 limit on a Disability Pension.
- If that failed, they would declare the client bankrupt.
- Client passed away before the matter was resolved.

- 2003: Client received disconnect notice – first gas supplier
- Anglicare contacted gas supplier, arranged for gas to stay connected, repayment program to be put in place.
- The gas supplier advised that if the client could stick to the repayment schedule for 6 months, they would match \$ for \$ the repayments. Repayment of \$30 per fortnight.
- 2004: The client received notice of intention to disconnect from second electricity provider.
- Anglicare telephoned electricity provider, arranged a \$30 per fortnight repayment schedule.
- Client received a disconnection notice from second gas provider; Anglicare negotiated for supply to remain connected, organised for a repayment schedule.
- Client unable to maintain the repayment schedule - continues to have difficulties managing utility accounts.

Gippsland compared with Victoria

- Average income lower
 - Gippsland 44% receive < \$600 pw
 - Victoria 32% receive < \$600 pw
- Unemployment higher, in some towns much higher
 - Gippsland 9.2%
 - Country Victoria 7.4%
 - Victoria 6.8%
- Gambling more of a problem: higher proportion of average income

Gippsland's gambling problem

	Average weekly income (\$)	Average annual EGM losses per adult (\$)	Average number of weeks' income lost through gambling
Latrobe City	460.05	807	1.75
Gippsland	448.28	612	1.37
Country Victoria	459.50	490	1.07
Total Victoria	539.33	618	1.15

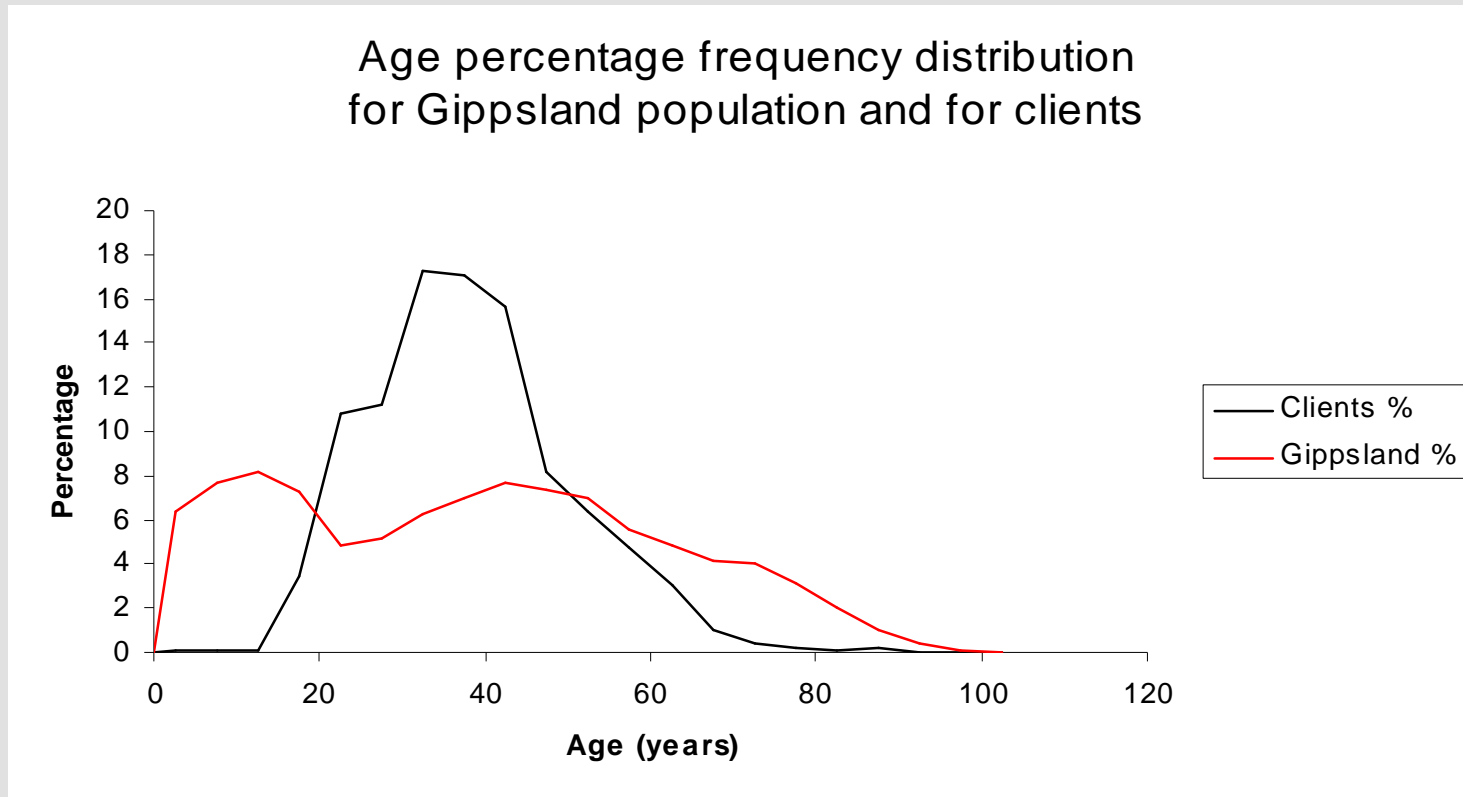
Financial constraint in Gippsland

- **DHS data - Anglicare**

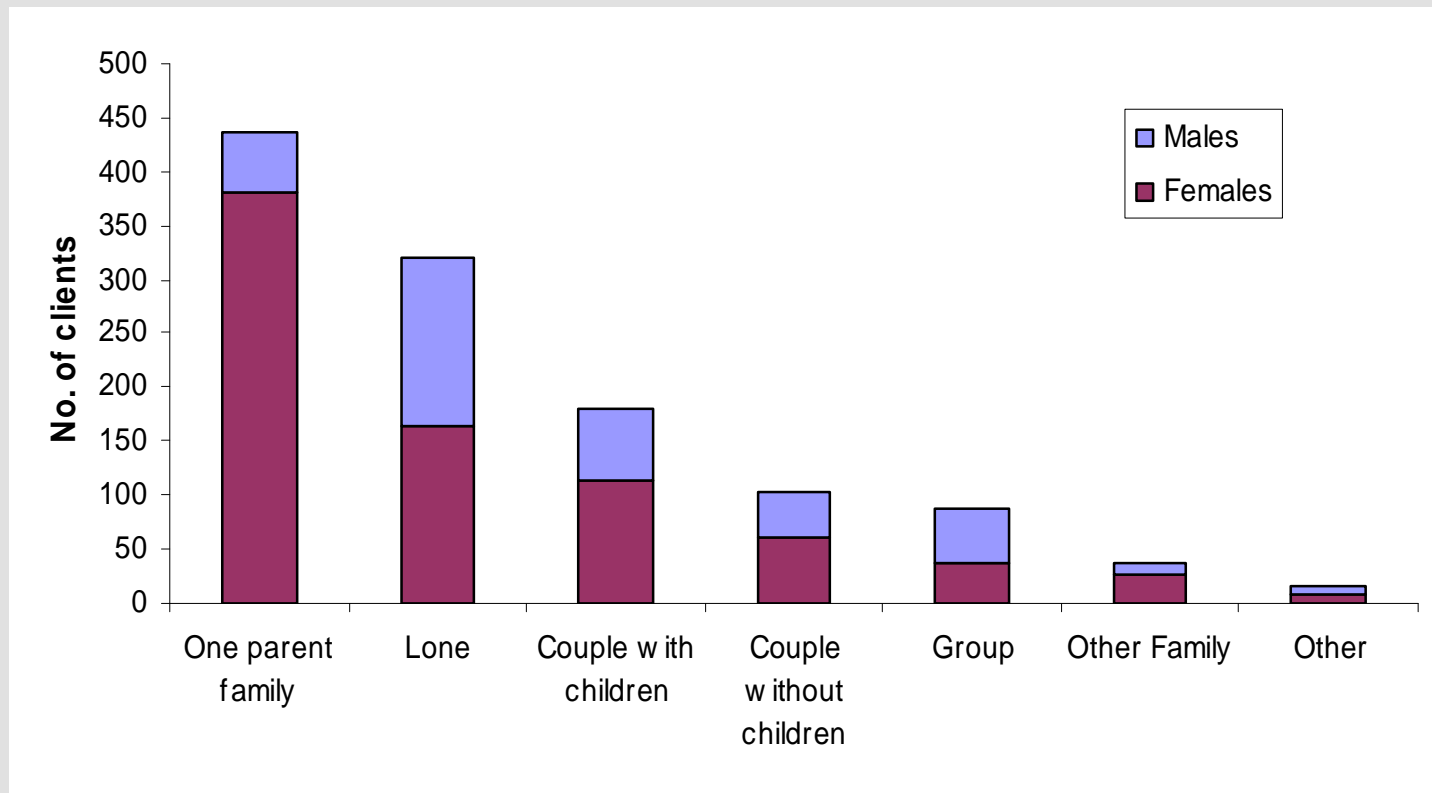
Gippsland client demographic data

- 67% of clients are female
- 52% care for children
- Largely child-bearing and child-raising age-group: 20 - 49 years
- Income generally low

Gippsland client demographics: Age relative to population

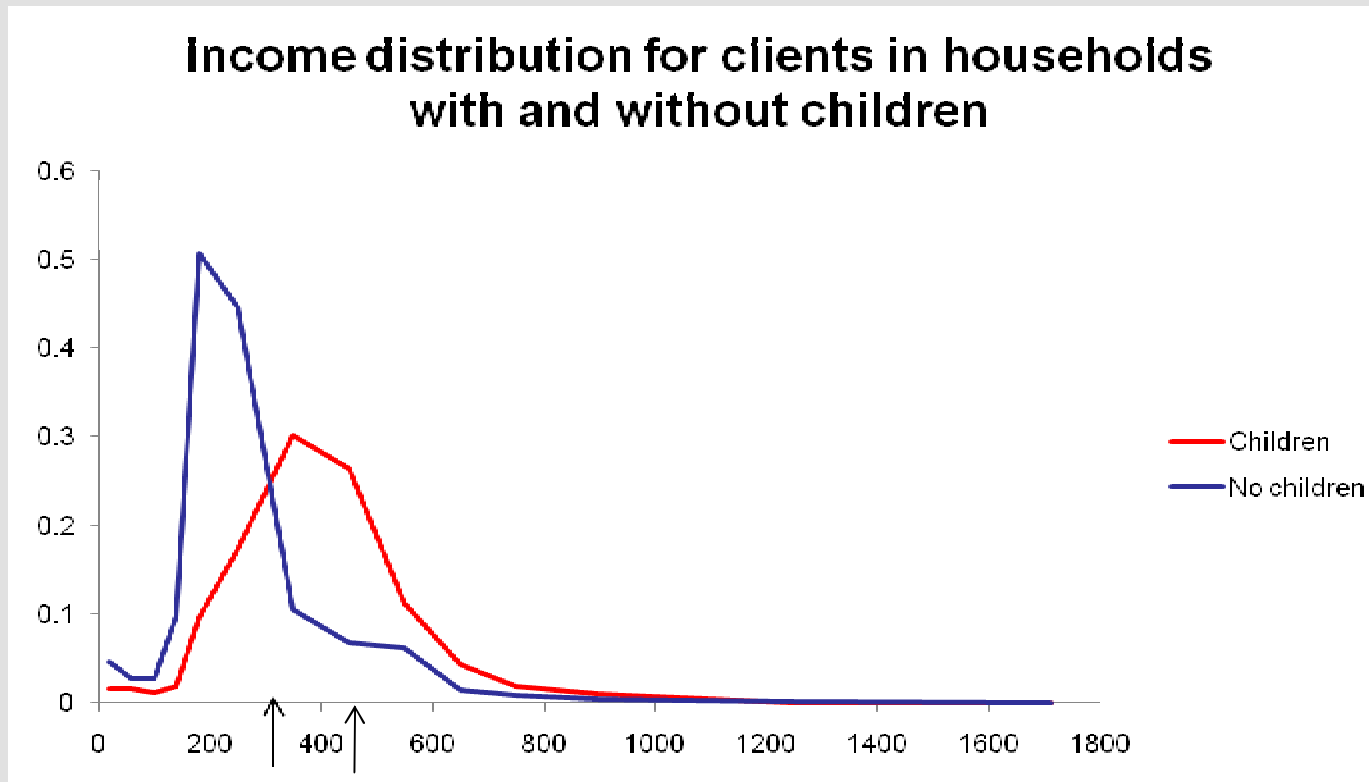


Gippsland client demographics: Household type



35% of clients are one parent family of 29% of clients statewide

Gippsland client income distribution: With and without children

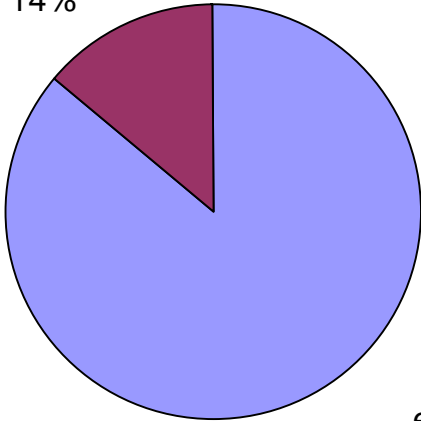


Arrows: poverty line for single parent with one child; couple with one child
(Not in workforce)

Client income sources

Some earned income, 175, 14%

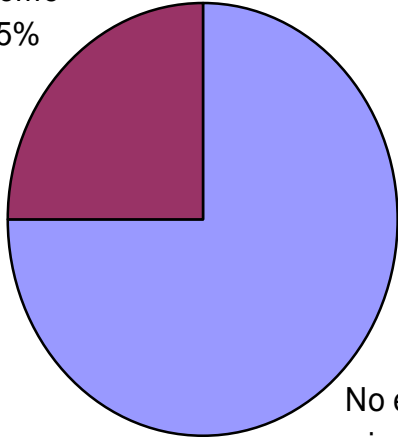
Gippsland



No earned income, 1094, 86%

Some earned income 25%

Victoria



No earned income 75%

Client data: Causes of financial difficulties

DHS forms include

- Underlying causes of financial difficulty

Gippsland client data: Underlying causes of financial difficulty

- Most commonly reported causes (% of cases)
 - > Inadequate income 52%
 - > Overcommitment 29%
 - > Divorce, separation 10%
 - > Creditor non-negotiation 10%
 - > Mental Health issues 9%
 - > Unemployment 8%
 - > Illness, accident 7%

DHS forms vs case studies

- 103 case studies selected as stratified sample, but with extra emphasis on credit issues
- Selection based on underlying causes

DHS forms vs case studies

Case study sample by causes of financial difficulty

Cause of financial difficulty	Number of cases
Creditor Inadequate	17
Mental Health	15
Gambling, Self / Other	13
Over-commitment	10
Income Inadequate	9
Divorce	8
Illness/Accident	8
Unemployment	8
Addictive Behaviour	5
Housing	4
Mortgage/Rental	3
Violence	3

Source: DHS forms 2001 - 2004

Case notes: Emerging themes

- Behavioural/personal issues
- Types of Debt
- Types of assistance/outcomes

Behavioural/personal issues identified in 'notes'

Behavioural/Personal Issues	No. of cases: Forms	No. of Cases: Notes
Mental health	15	21
Divorce, relationship breakdown	8	18
Gambling	13	10
Alcohol		5
Illness, accident	8	4
Drugs		4
Domestic violence	3	1
*Addictive behaviour (alcohol, drugs)	5	(9)

Source: Individual case files 2001 - 2004

Case study examples: Addictive behaviour

- \$6000 debt waived by finance co. on compassionate grounds
- Debt \$1000 credit card, \$5000 loan and \$150 telephone
- Clients child stole credit card and accumulated debt – drug and alcohol problem
- Because of identity of thief, card not reported stolen, leaving client liable for debt
- Anglicare negotiated with finance company for waiving of debt
- Agreed to
- Perceived harassment of client by Finance Co. as they aggressively pursued repayment of debt – impacted on client's health

Case study examples: Addictive behaviour

- Client with gambling problem sought assistance from Anglicare to arrange a moratorium on current debts until such time as they received an expected inheritance
- Inheritance did not eventuate
- Client has multiple debts
- Electricity, gas, telephone and credit cards = \$1650
- Telephone service disconnected
- Anglicare provided assistance with debt moratorium, (Gas \$383) and budgeting assistance to format payment plan to service remaining debts

Types of debt identified from the case study notes

Types of debt	No. of Cases	Types of debt	No. of Cases
Telephone	38	Debt Collector	9
Finance Companies	29	Centrelink	8
Bank/Credit Union Loans	28	Water	5
Credit Cards	26	Business Loans	5
Gas	25	Legal fees	5
Electricity	25	Medical/dental	4
Rent/Mortgage Payments	13	Marriage Settlement	4
Store Cards	11	Pay Day Lending	1
PERIN Court Fines	9	Council rates	1

Source: Individual case files 2001 - 2004

Types of Assistance/Outcomes	No. of Cases
Advice	50
Periodic Repayment plan	33
Bankruptcy	24
Assistance with negotiations	24
Utility Relief Grant Applications	11
Budgetary advice/assistance	10
Debts waived	9
Debt moratorium	8
Vouchers	6
Letter to ombudsman	4
Referrals to other services	4
No interest loan	3
Queen's Fund Grants	2

Source: Individual case files 2001 - 2004

- Client is now living with child after recently suffering from a heart attack.
- The client is in receipt of Workcover payments.
- The client's child and partner had the utilities, car loan and computer loan registered in the client's name.
- The client now has problems with gas, telephone and electricity providers and outstanding loans for a computer and car.
- Car insured in the name of the child's partner. The child's partner recently left the child, cancelled the insurance and took the refund.
- The child has recently evicted the client.
- Anglicare provided assistance in transferring responsibility for utilities back to the child, and returning the car to finance company.
- They also assisted in changing bank account details and arranging bankruptcy to cover outstanding utility accounts.

- Client was severely ill and facing hospitalisation.
- The client was facing extreme financial hardship and was unable to manage their financial affairs.
- The client was referred to Anglicare from the local Community Health Service.
- Client's financial hardship is the result of approximately \$14,000 in debts, mainly from credit and store cards.
- Anglicare organised a Utility Relief Grant, negotiated with the PERIN court over unpaid fines and ultimately assisted with an application for bankruptcy.
- Anglicare expressed concern over the harassment, by the various finance providers, of the client and requested that all parties concerned deal directly with Anglicare rather than the client who was too ill to deal with the matters personally.

- Client separated but still living under the one roof seeks advice about declaring bankruptcy
- Client was declared bankrupt under a different name 7 years earlier
- Client currently owes \$30,000
- Anglicare is concerned as to clients ability to accumulate these debts when already an undischarged bankrupt
- Anglicare assisted with completion of necessary forms, advising that the client could be queried on the previous undischarged bankruptcy

Conclusions

- Access to high levels of credit for low income individuals is prevalent even among the unemployed
- The number of clients facing various forms of harassment from creditors is disturbingly large
- A large proportion of clients face ongoing difficulties in meeting payments for basic utility requirements
- Financial counselling programs from agencies such as Anglicare Victoria's Gippsland branch play an important role in providing advocacy and ongoing educational advice in relation to budgeting and debt management